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BULLETIN NO. 14

Proceedings Public Ownership Conference

Held in Chicago November 15, 16, 17, 1919
In the Congress Hotel

Public Ownership League of America
Chicago, Illinois, 1919

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Public Ownership League Of America

For the Public Ownership, Efficient Management and Democratic Control of Public Utilities and Natural Resources

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Secretary—Carl D. Thompson, Chicago, Ill.

Treasurer—Charles H. Ingersoll, New York, N. Y.

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The League collects and publishes the facts on all phases of public ownership; conducts an information service; publishes bulletins; holds conferences; assists in public ownership campaigns with literature, speakers, utility experts and engineers; publishes the "People's Voice" a 16 page monthly magazine.

All Persons interested in these things are urged to join

Public Ownership League of America





Proceedings Public Ownership Conference. *2d, edition*

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**Held in Chicago November 15, 16, 17, 1919
In the Congress Hotel**

**Public Ownership League of America
Chicago, Illinois, 1919**

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~~Manuscript~~ *Transcribed to
J. J. Stack
8-29-72*

PREFACE

The papers and addresses which appear in this volume were delivered at a Public Ownership Conference held in Chicago in the Gold Room of the Congress Hotel, Saturday, Sunday and Monday, November 15, 16 and 17, 1919. The Conference is one of the regular features of the work of the Public Ownership League. The first one was held in Chicago in November, 1917, none being held in 1918 due to war conditions then prevailing. It is the purpose of the League to hold such national conventions each year.

At these conferences the League endeavors to bring together the leading authorities, students, specialists, managers and experts in the field of public utilities and natural resources for the discussion and consideration of these vital subjects and for the formulation of a non-partisan, educational organization for the advancement of the public ownership and democratic control of public utilities and natural resources. Its object is to secure the the efficient operation of public utilities already publicly owned; just and reasonable conditions for all public employees, and the public ownership of additional public utilities and natural resources as far and as fast as it can be made practical.

Collects, classifies and disseminates information on public ownership; conducts an Information Service; assists individuals, organizations and cities in a strictly non-partisan way in public ownership campaigns; a corps of speakers and writers and a press and publicity service, and publishes bulletins on various phases of public ownership. (A list of those so far published will be found on inside back cover.) The League also publishes a twenty page monthly magazine, "The People's Voice," devoted to public ownership and allied subjects and to the work of the League.

The publication of this volume with the full stenographic report of the papers, the addresses, resolutions,

communications and actions of the League during its three days conference gives the public an opportunity to acquaint itself in a very direct and complete manner with the work that is being undertaken and carried on. We are publishing and sending it out with the hope that it facts that are so necessary to the solution of our public may help in many ways in spreading the information and utility problems; and with the further hope that its publication will help to draw the attention of the general public more widely to the constructive work the Public Ownership League is doing and enlist their co-operation and support.

The Public Ownership League of America

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I. The Public Ownership League And Its Work

PRESIDENT'S ADDRESS

**At the Annual Meeting of the Public Ownership League
of America, Chicago, November 15-17, 1919
by Hon. Albert M. Todd**

It is with unusual pleasure that I greet the members and friends of the Public Ownership League of America, because of the magnitude of the events which have transpired since our last meeting and the important part which we have been able to take in spreading the gospel of Democracy and Social Justice. While we have not been able to entirely overthrow the powerful system of financial autocracy which for many years has enjoyed large control of many of our important governmental functions, notably our great public utilities, there has nevertheless recently developed a sentiment in favor of public ownership tenfold more strong than has ever before existed in our country. When we consider that this increased sentiment has been developed in spite of the overshadowing interest in the war, and the problems of international reconstruction before us, we can now confidently look forward with hope to a still more rapid advance in applied democracy, as we are now able to give larger attention to its development.

Recalling what we have already achieved, and looking forward to the promise of the future, I am glad to congratulate you all upon what has already been won, and the still larger achievements which are soon to be accomplished through the loyalty and sacrifices for democratic ideals which you will gladly continue to make. While special privileges founded upon the absolutism of the dark ages, has been seeking to continue its unjust control in things which belong by nature and right to the citizenship, you have acted the nobler part in advancing social justice, both political and economic in America.

Our country today faces illimitable opportunities. The greatest war ever waged since the foundations of our earth were laid, has ended victoriously for the forces of democracy in which our nation took a most conspicuous part, and because of which the triumph was achieved. Due to the menace of a foreign military autocrat, our country was forced to enter this great war for the

preservation of human liberty throughout the world and we believe now as we believed then, that our government spoke to us truly when we were asked to make every sacrifice, that the war was to be waged to "make the world safe for democracy." How nobly and unselfishly our citizens responded to the call is attested by the countless graves of our heroic dead who lie in the soil of a sister republic over the seas, and nearby "Where the poppies bloom in Flanders' Fields." America's sacrifices are equally attested by the countless mothers and fathers whose sons will never again cross the threshold to cheer and support their old age; the wives made lonely in widowhood; the countless orphaned children never again to be clasped in the embrace of their father; by countless thousands who worked abroad and in the Red Cross; and those other countless thousands whose services were needed to support the army and navy with food, clothing and munitions on the farms and in the factories; and those who had passed the age of military service and industrial toil, but who gladly contributed money with which to support the needed services.

America's Larger Duties in the Future

We have won the war so far as overthrowing the menace to world liberty for which a foreign autocrat inaugurated the conflict. "We have made the world safe for democracy" so far as any danger to our institutions can come from foreign ambition; yet we today face a task and a duty no less serious than that which called us to fight a foreign foe. Our duty today is to make such further sacrifices, and to take such further measures and so carefully study the relation of public utilities to government as shall bring us into the actual possession of that democracy for which our country's heroes made their "last sacrifices" and which we supported by every power we possessed. This great duty is to remove from their place of power the forces of "special privilege" which have gained control of those functions of government upon which our economic liberty and prosperity depends, so that we may become a nation free in fact as well as in name.

The problems which we now face and the duty we must meet were stated just sixty-five years ago so clearly and wisely by our martyred President Lincoln upon the field of a great battle near the close of a war which had forever settled the question of human slavery in this country, which, although it is fresh in the memory of you all, is so closely related to our present condition and duty that I cannot do otherwise than recall these immortal words:

"It is for us, the living, to be dedicated to the unfinished work which they who fought here have thus far so nobly advanced. It is for us to be here dedicated to the great task remaining before—that from those honored dead we take in-

creased devotion to that cause for which they gave the last full measure of devotion; that we here highly resolve that those dead shall not have died in vain; that this nation under God shall have a new birth of freedom and that government of the people, by the people, for the people, shall not perish from the earth."

Not only when speaking on a great battlefield, but also in addressing a personal friend this great president, whose memory we all reverence and cherish, made another utterance equally related to the conditions we face today, saying:

"As a result of the war, corporations have been enthroned and an era of corruption in high places will follow, and the money power of the country will endeavor to prolong its reign by working upon the prejudices of the people until all wealth is concentrated in a few hands, and the republic is destroyed. I feel at this moment more anxiety for the safety of my country than ever before, even in the midst of war. God grant that my suspicions may prove groundless."

Is there a single American who has carefully studied the growth of the power of those corporations which control our great public utilities, who does not realize that the prophecy of our martyred president has already become largely true?

In view also of the fact that American citizens who desire peacefully to secure genuine democracy as the reward promised them for the sacrifices they have made as well as those whose zeal is not in accord with knowledge and who advocate force, are alike denounced by "special privilege" upon every possible occasion, as "Unamerican and anarchistic," I wish to call the attention of the forces of special privilege to the fact that it is they themselves who have been and still are sowing the seeds of anarchy and should our country be drawn into a revolution of force, which God grant may not be the case, those who are seeking thru corrupt and illegal means to gain economic control of the nation, will be found to be the chief contributing cause. If, instead of increasing their unjust political and financial control, they will join the real friends of progress who seek to promote universal justice, the terrible calamity may be averted. In connection with this, and in order that they may cease from their attacks upon democracy, I quote once more from the martyred Lincoln whom they profess to reverence, who said:

"This country and all that is within it belongs to the people who inhabit it and whenever they shall tire of the existing form of government, they have the constitutional right to amend it, or the revolutionary right to overthrow it."

I have quoted more fully from President Lincoln than would otherwise seem necessary, were it not that these warnings were

evoked by conditions which already he clearly foresaw and feared and which since he made these appeals, have verified his fears. His prophecy already has been in part fulfilled, because special privilege has been permitted to secure the control of our great public functions. To restore democracy, by nationalizing our great public utilities in the interest of the public good, is the great work before us.

Public Ownership And Democracy

A highly important element, and probably the first element of democracy is the ownership by the people, and the administration by their government, of all of those great public services necessary for the general welfare, and especially those which either by nature or by law are monopolies. There can be no more natural and just function of government than the public ownership and operation of those utilities and services which are of universal need for promoting general prosperity and happiness. Among these services are the transportation of our persons, our food, fuel and the various necessities of life, both from the farms and factories; the transmission of intelligence by telephone, telegraph, post, or by any other method which human genius may in the future desire the ownership and operation by municipalities, of street railways, gas and electricity and such other services as the citizens of any city may deem best to publicly operate.

All the nations of the world outside of ours have for many years approved the principle of Public Ownership as a natural and just government function and have widely practiced it with great success. It has been my privilege to study the public operation of both national and municipal utilities during many visits to the foreign countries extending over a period of over forty years, including twelve months study in fifteen of the countries of Europe immediately preceding the war, during which latter visit I collected and brought home with me a vast storehouse of official data respecting the operation of these utilities, besides personally taking over five hundred photographs illustrating their efficiency and the high class of service. These I have the pleasure of placing before you. (Mr. Todd here exhibited service tickets and other forms of railroad tickets and a collection of photographs.)

Suggestions Respecting Our Future Policies And Enlargement of Our Activities

The railroads and wire lines have claimed the principal attention of our League during the past two years, since legislation for determining their ownership and status has been constantly before Congress demanding immediate attention; and since the wire lines upon which important legislation was also pending, have

been returned to private ownership, and the policy respecting the railways for the immediate future will probably soon be determined, I recommend that a larger relative share of our energies should in the near future be given to municipal utilities, as well as to some national utilities which our League has not actively considered, to which I will later call attention.

Respecting municipal utilities: Being local, they can be more closely studied by the citizens of each city and each can be solved according to the special circumstances surrounding each case. While the street railway, gas and electric companies are united in one working combination to fight municipal ownership wherever it is sought, it seems the unanimous opinion of those experts and students whom I have consulted as well as the officials of the League, that we enlarge our activities respecting municipal ownership.

Relationship of Democracy to Money and Banking

The dangerous and rapidly increasing control of money and credit, and consequently of the business of the country by two banking institutions only with the allied institutions which they own and control in whole or in part, has been shown by very careful congressional investigations, as well as by facts almost daily coming to the knowledge of some or all of us. Years ago the question as to who should issue and administer the money of the nation had already become of such vital interest that the government issue and circulation of all money was a paramount principle of a political party which attained considerable power. If conditions then warranted a movement for the nationalization of money and banking the need for such movement is intensified today. In many countries of Europe the nationalization of money has been highly successful in reducing the burdens of the people and promoting more prosperity. For these and other reasons which time does not permit me to discuss, I recommend that the question of money and banking be carefully studied by our League and that a report be made at our next meeting by a select committee which will carefully investigate the problem.

Democracy And Public Ownership And Operation of Natural Resources

Among those priceless treasures of wealth and of universal need and which should be administered under national ownership for the public welfare, are those great natural resources which the great Creator placed above and below the surface of the earth as the common heritage of mankind, for their use and happiness. The alienation of these divine gifts from the ownership of the people, to the control of the few for private profit, is a crime against civilization, especially when the extremely unjust profits

are extracted from the public, as those which for many years have prevailed. Whether it is because the coal barons in partnership with certain railroad barons have been able to seat their friends in Congress and by various devices of law have been able to resist successful prosecution or not, the effect upon humanity is just as appalling. Fortunately, the question of national ownership of the mines is now before the public and our League will render a highly valuable service to the nation by carefully studying this problem and presenting its conclusions to the public.

Oil Wells, Minerals And Water Power

Since petroleum furnishes the same needs that coal supplies, although in somewhat differing conditions, and being like coal, one of the Creator's gifts to mankind, it should be owned and operated by the people for the common good. As the monopolizing by one company has created wealth so great that it has enabled it to practically control all legislation relating to it and to build up what is probably the most powerful financial institution of the world, which is a menace to liberty, this, like coal, should become the property of the people and be administered for the common good.

Many minerals have become of such great importance to the world that they, too, should become the subject of public Ownership, so soon as a wise and just plan for taking them over may be devised and enacted into law. The number of the minerals which should be nationalized would be decided from time to time in accordance with their need. It would seem that the importance to the public of both iron and copper and the alloys produced from them is already so great as to make them proper subjects for immediate consideration.

Another gift of nature which possesses illimitable possibilities for the service of mankind, is the vast supply of water powers scattered throughout the nation which, when harnessed, and converted into electricity, will become a mine of enormous wealth and service to the people. While the larger part of the water powers have already passed into the possession of private interests, there fortunately remains an enormous amount of undeveloped power still in the possession of the nation. The interests which already control the greater part have been for years endeavoring to secure legislation giving them in a form of a lease, for fifty years, the possession and control under terms which will make it difficult for the country to again secure possession, except at an exceedingly unjust cost. Fortunately, by exerting all their constitutional powers, a few friends of public justice in Congress supported by their constituents, have thus far been able to defeat the proposed fraud upon the public. As this legislation is still pending, I

earnestly urge the co-operation of every member to defeat this dangerous bill, by directly communicating with his senators and congressmen.

Our League's Recent Accomplishments

Although our work has not been heralded by trumpets, it has met with large and material progress. As Secretary Thompson will give you a report of the activities of the Chicago office, I will state to you briefly what has been accomplished in Washington.

Owing to the importance of the pending railroad legislation in Congress, respecting the railways and the wire lines and the natural water powers, and feeling that it was highly desirable that our League should be actively represented at the nation's capital to use its influence so far as possible to secure just legislation, I decided, with the approval of the executive committee, to open an office at Washington, which I did a year ago last January. As the work of the Chicago office needed all the available funds, which even then were insufficient for generously carrying on the work, I very gladly personally contributed the entire expense, in connection both with the Washington and Kalamazoo office which, since our meeting of about two years ago have amounted to \$9,737.86. A detailed record of these expenses I will submit to the Finance Committee for their approval, although, as stated, I have gladly made this contribution to the work and do not desire to be reimbursed. (See below for detailed statement.)

The work done in Washington which has required my presence there during the greater part of the past two years, has been to attend so far as possible the various hearings in Congress on the railway and other questions mentioned; and to hold weekly meetings at our offices which were generously attended by members of the Senate and House of Representatives, and of the Interstate Commerce Commission, as well as by the heads of many departments with their assistants, and other prominent men from other cities of the country.

In addition to the above an active correspondence covering practically every state in the union was maintained, much editorial and research work was done, and approximately 100,000 pieces of literature were distributed. While the duties constantly required work of so strenuous a character that I hardly feel that it is possible for me to renew them in the future, I am nevertheless glad that they have been accomplished, and I trust it may aid materially in the winning of our cause.

I cannot close this address without expressing to every member and officer of our League my deep and heartfelt appreciation of the generous manner in which they have co-operated and without whose encouragement the results could not have been achiev-

ed; and I desire to add, that beside the satisfaction which one feels in the realization of a duty performed, the greatest reward which I, or anyone else, can possibly receive, is the gaining of many friendships of those who find their greatest joy in the consecration of their lives to the unselfish service of their fellows. This has been my reward, and no greater than this could I desire.

Report of President Todd Respecting His Expenditures at Washington and Kalamazoo, For the Work of the League

Kalamazoo, Mich., Nov. 15, 1919.

The Executive Committee,

Public Ownership League of America.

Gentlemen:

Herewith please find a summary of the expenses which I have personally paid and contributed on behalf of the League in connection with its work at the Washington and Kalamazoo offices, from Jan. 1, 1918, to the date of the Chicago Conference, Nov. 15, 1919.

As it was my intention from the start to personally contribute the expenses involved in this work (in addition to my contribution to the work of the Chicago office,) and as I do not wish to be reimbursed for these expenses, I presume you are not interestd in minute details; and while it has been somewhat difficult to apportion each detailed item with exactitude as to its most appropriate department, owing to the interlocking of various branches of the work, the total sum correctly represents the actual expenses I have incurred in the work of the League, as stated. My only desire is that the work and money contributed will be found to have been wisely and efficiently expended, and will result in aiding materially the cause of applied democracy for which the Public Ownership League of America was founded.

The following is a summary of the expenses contributed by me at Washington, D. C. and Kalamazoo, Jan. 1, 1918 to Nov. 15, 1919:

Rent	\$1,140.00
Office Supplies	853.50
Postage	435.00
Telephone and Telegraph	218.25
Purchase of American, Foreign Books, Magazines, Reports.....	520.80
Salaries: Stenographic, Clerical and Research.....	3,650.00
Printing and mailing booklets and other literature	1,742.35
Travelling Expenses	365.15
Miscellaneous: Advertising, multigraphing, press clippings labor, expressage and sundries	812.61
	<hr/>
	\$9,737.86

Respectfully submitted

A. M. TODD

SECRETARY'S REPORT

By Carl D. Thompson

**League Quadruples Its Membership—Conference a Great Success
—Public Ownership Gaining Rapidly—Many Interesting
Features—\$20,000 Budget Recommended for 1920**

Chicago, Dec. 31, 1919.

To the Officials and Members.

of the Public Ownership League of America:—

Herewith is submitted to you the report of the activities of the League for the year 1919 together with a brief resume of the work so far accomplished, a statement of the needs of the work, the possibilities and prospects now confronting us, and certain recommendations for the future.

The Public Ownership League of America was first projected in May, 1916, Miss Jane Addams of Chicago was the first paid member and active supporter, Mr. Otto Cullman the first substantial contributor. The first meeting was held on June 1, 1916, attended by about twenty Chicago people, fifteen of whom joined and paid their membership fees.

The League developed rapidly and in December of that year, Hon. A. M. Todd became actively interested and was selected as president early in 1917. Mr. Todd contributed over \$1,000 to the work of the League that year, over \$9,000 during the following two years and has been not only the largest single contributor, but also a very active member, devoting the larger part of his time exclusively to the work of the League.

Membership: The membership of the League has grown steadily from about 100 in December, 1916 to 430 in 1917; 532 in 1918, and 3,404 by the end of 1919. We have added 2,872 members since January 1, of this year which is by far the largest accession ever received in a similar length of time. This development of the membership, is shown in the following table:

Year	MEMBERSHIP		added Total	Present membership
	members added Individual	added Group members		
1916	—	—	—	100
1917	330	—	330	430
1918	102	—	102	530
1919	331	2,541	2,872	3,404

The League now has members in every state in the Union except New Hampshire, Vermont and North Carolina; also one in the Phillipine Islands; one in New Zealand; one in Mexico; one in Cu-

ba; one in Alaska and 9 in Canada.

Annual Reports: The various activities of the League, the receipts and expenditures, and general development are told in the annual reports which have been printed and distributed to the members.

Finances: The receipts and expenditures of the League have been as follows:

Year	Receipts	Expenditures	Balance
1917	\$2,714.87	\$2,418.20	\$296.67
1918	3,871.23	3,511.98	359.25
1919	5,344.44	5,331.35	372.34

The receipts and expenditures, verified by vouchers, are submitted in detail each month to our treasurer, Charles H. Ingersoll, in New York City, and checked up by his auditors.

Receipts And Expenditures for 1919

The details of the financial operation of the League for the year of 1919 are as follows:

1. Summary

Balance on hand January 1st, 1919.....	\$ 359.25	
Received during 1919	5,344.44	
	Total in	5,703.69
	Expenditures	372.34
Balance on hand Dec. 31, 1919		5,331.35

Itemized Receipts and Expenditures

11. Receipts

		Average per month
Memberships	2,693.25	\$224
Contributions	2,260.25	188
Sale of literature	106.33	9
Rent	200.00	16
Miscellaneous	84.56	7
Total	5,344.44	445

III Expenditures

Steno and office help	1,589.26	132
Secretary	1,25.00	85
Rent	630.75	53
Postage	661.70	55
Wires	93.90	8
Supplies and Fixtures	603.80	50
Express	30.76	2
Exchange	16.63	1
Telephone	4.00	—
Printing	598.85	50
Travel expenses	48.75	4
Literature	24.95	2
Miscellaneous	3.00	—
Total	5,331.35	444

List of Contributors—1919

The following have contributed to the work of the League through the Chicago office during the year 1919:—

M. Arnson \$25.00, Theo. Benda 2.00, Alexander M. Bing 25.00, Frank D. Butler 12.00, Geo. F. Comings 1.00, Otto Cullman 500.00, Mrs. W. F. Dummer 100.00, Edward F. Dunne 25.00, C. H. Foster 10.00, Geo. G. Gibson 2.00, E. G. Harris 36.00, Julian Hayward 6.00, J. C. Heavenmeyer 15.00, Annie Wallace Hunt 40.00, Chas. H. Ingersoll 25.00, C. M. Lee 1.50, Fay Lewis 9.00, Chas. McBride 20.00, J. H. McGill 50.00, Louis Mayer 25.00, J. J. Miles 5.00, E. E. Moran 12.00, J. H. Parkin 4.00, M. C. Parsons 25.00, Geo. Foster Peabody 100.00, Walter Reid 25.00, A. Schlemmer 4.50, Otto

Schulz 35.00, William Shakespeare 55.00, Dr. G. H. Sherman 300.00, Oblerin Smith 25.00, E. Spaeth 16.00, Willis J. Spaulding 50.00, Theo. F. Thieme 50.00, William Thum 25.00, A. M. Todd (Chicago office) 500.00, Geo. Van Pelt 5.00, Walter Wallace 1.00, Franklin Wentworth 6.00, Delos F. Wilcox 25.00, F. R. Woods 25.00, Chas. Zueblin 1.00.

Main Features of the Year's Work—1919

Main Features of the Work: Among the main features of the work done by the League during the year of 1919, may be mentioned the following:

1. Added nearly 3,000 new members—331 individual and 2,541 group members.
2. Increased the financial support of the League from an average of about \$290.00 a month to \$445.00 a month.
3. Have developed effective local public ownership leagues in Fort Wayne, Indiana, Columbus, Ohio, St. Joseph, Missouri.
4. Helped in municipal ownership campaigns in (a) Fargo, North Dakota, (b) St. Joseph, Missouri and (c) Dubuque, Iowa, Watertown, South Dakota and Chicago—and won in every case.
5. Put in two weeks helping in the Nonpartisan League's campaign in June, presenting public ownership in all important cities of North Dakota. The League won the election.
6. Organized and conducted a series of very successful mass meetings on the Public Ownership of Railways and other utilities, in the following cities:

Louisville, Kentucky, attendance 2,000 Paducah, Kentucky, attendance 600, Nashville, Tennessee, attendance 4,000; Johnstown, Pa., attendance 250; Pittscairn, Pa., attendance 500; Harrisburg, Pa., attendance 1,000; Altoona, Pa., attendance 300; Huntington, Pa., attendance 300; Lancaster, Ohio, attendance 600; Columbus, Ohio attendance 800; Pittsburg, Pa., attendance 750 Dubuque, Iowa, attendance 600; Hntington, Ind. attendance 1,200; Fort Wayne, Ind., attendance 1,000; St. Louis, Mo., attendance 600; Wabash, Ind., attendance 400; Bloomington, Ill., attendance 200; Kewanee, Illinois, attendance 400.

7. Co-operated with the Plumb Plan League in a series of lectures in Eastern and middle Western States.

8. Prepared and supplied the membership of the League and others with bulletins and publications as follows: (1) A bulletin on municipal ownership of street car lines in Chicago, (2) another contributed by the Railway Brotherhoods on the Plumb Plan of Railway Ownership, (3) a bulletin on "Public Ownership of Railways" sent out from the Washington office by Mr. Todd. This latter went out not only to the League membership, but to nearly 25,000 others. (4) Dr. Taylor contributed to the League over 1,000 copies of the two volume, 550 page book by Frank Parson's on "The Railways, Tursts and the People" and a 300 page book on "The Telegraph Monopoly," which has been sent to all members who applied for them.

9. Circulated and signed up a petition for the permanent public ownership of railways, containing 22,335 names from 28 states, which has been forwarded to Congressmen Baer and St. Clair of North Dakota to be presented in Congress.

10. Helped defeat a bad public utility law in Iowa.
11. Supplied a public ownership press service to over 100 progressive papers.
12. Supplied information on various phases of municipal and public ownership to several hundred inquirers.
13. Published two issues of the "News Letters."
14. Mr. Todd has maintained an office in Washington for several months and has submitted a report which will appear in the printed proceedings of the Public Ownership Conference. The following brief account appeared in our News Letter:

Work Of The Washington Office

Early in December Mr. Todd president of the League, went to Washington and soon afterwards opened an office which from January until about the first of July was kept in active operation.

During January and February much of the time was devoted to attending the hearings on the railroad question before the Senate Committee on Interstate and Foreign Commerce, in research work and the collection and preparation of data. Later on this material was published in pamphlet form and over 25,000 copies distributed to members of the League and the most important social Science and Civic associations in the country.

Ten thousands of these pamphlets were accompanied with circular letters and invitations to join the League. This has resulted in the accession of a goodly number of new members.

A series of conferences were held in the offices of the League and adjoining rooms, at which such noted authorities as Frederic C. Howe, Dr. Delos F. Wilcox, Dr. John Gray, Dr. Clyde King, Senator George W. Norris, et al took active part. The office of the League thus became a "civic center" for public ownership and discussion.

The total expense of the work of the Washington office, which totaled approximately \$5,000, has been borne by Mr. Todd.

In writing of the work in Washington, Mr. Todd says:

"The close personal touch with Congress and the Administration respecting national problems which an office in Washington makes possible, is, in my judgement, of inestimable value and I am very glad that circumstances made it possible for me to come here and devote my time actively to the work of our League. It has been impressed upon me that none of us would be doing our full duty during this critical moment of world reconstruction should any of us fail to do our utmost both with our time and means to advance the cause of social, economical and political justice."

Finances Inadequate

In judging of the work done and results accomplished by the

League thus far we trust that our members and friends will consider the almost ridiculously small means with which we have had to work. The budget of some of the local organizations of a similar nature to ours, calls for \$12,000 a year. That is for work in one city alone. Our League thus far has had less than \$4,000 a year available through the Chicago office for the work on the average. The exact amounts are as follows:

For 1917	_____	\$2,714
For 1918	_____	\$2,871
For 1919	_____	\$5,344

Obviously no great amount of work can be acheived in a national movement with such meager funds. We hope, of course that for the next year the funds available will be largely increased.

Plans And Prospects for 1920

Everything indicates that the movement for the public ownership of public utilities will go forward with greater rapidity from now on than ever before. The tremendous activity and drive of the railway brotherhoods for the public ownership of railroads, the movement on the part of the United Mine Workers for the nationalization of mines; the remarkable success of the movement of the Farmers of the Northwest in the matter of public ownership of state utilities; the success of San Francisco and Seattle in municipal ownership of street car lines; and the general social unrest and determined efforts in behalf of Social Reconstruction constitute a most inspiring opportunity.

More than ever all of the progressive groups of the nation will require the services which the Public Ownership League has been organized to render. Moreover, the increasing support and co-operation given to us during the last few months by these various organizations lends great encouragement and hope for the future. Every constructive group from now on will need and will seek increasingly specific and definite information and service such as the Public Ownership League can render.

The peculiar difficulty which we confront lies in the fact that so many other progressive organizations have Public Ownership in their program, and are thus inclined to feel that our League, as such, may not be necessary. On the other hand, there is no other organization in the country undertaking the special and peculiar work that we are. We are in no sense competitors of the organized labor movement, the Labor Party, the Committee of Forty-Eight, or the Nonpartisan League. On the contrary, our work for public ownership is, or may be, a direct contribution to the work of each, and all of them, in so far as they are for public ownership. We believe this fact will be increasingly realized by each of these various organizations, and thus we shall take our place and part

in the general work of social reconstruction. This, it seems to me, is our special field and opportunity.

It is very natural that other organizations closely related to ours may view with some hesitation the development of our work. This is certain to pass away as our function and the limitations of our field become better defined and better understood.

Features of the Work for 1920. With these things in mind, the Public Ownership League should gird itself for larger and better work for the coming year. As before, especially pressing problems lie in the two fields of National and Municipal utilities. We should plan definitely for the following features in our work during 1920:

1. A big nation-wide drive in co-operation with the railway organizations and other interested groups in behalf of the retention and ultimate public ownership of the railroads.
2. A big nation-wide drive in co-operation with the United Mine Workers, and other groups for the nationalization of the mines.
3. We should continue with all possible effectiveness our efforts in behalf of the postalization of the telegraph and telephones. There are prospects now that both the Commercial and Railway Telegraphers, both of which are effectively organized, will co-operate with and support us in this effort.
4. An earnest and wide-spread campaign in behalf of the protection of the natural resources of the nation, referring especially to the water power, the forests, minerals, etc.
5. We should keep up and enlarge our efforts and work of co-operation with the various cities throughout the country that are struggling for the municipal ownership of their various utilities. Very effective and successful results have already been achieved in this direction, and these should be greatly extended during the coming year.
6. The News Letter, issues of which we have put out only occasionally, should be published monthly and perhaps enlarged. Sooner or later the League ought to have a regular and official publication. (Later: Since this report was written arrangements have been made through unexpected sources for the publication of a sixteen page magazine devoted to public ownership and related subjects,—The People's Voice.)
7. A great service can be rendered both to individuals and organizations, to cities, states and the national government by the enlargement and extension of our Information Service upon Public Ownership. Heretofore our funds would not permit any considerable enlargement of this service, but we have continued to collect data and material, and this work should be enlarged.

8. We should greatly extend the work of organization during the year. Several effective local organizations have already been formed. This work of organization should be extended, and if possible, an organizer should be put in the field.

9. Several new bulletins should be published during the year. There is an especial need for the following: (a) On Municipal Water Works. (b) Municipal Street Car Lines. (c) Nationalization of mines, material for which has already been brought to our attention. (d) Postalization of telegraph and telephone and possibly others.

10. The Press Service which has been sent with more or less regularity to about 100 publications, should be enlarged and made weekly.

Needs of the Work and Proposed Budget for 1920

However we again emphasize the fact that this work cannot be carried on successfully with the present limited funds. It seems absolutely imperative that the resources of the organization should be increased. Moreover, we believe that the very large increased membership, the increasing interest and support that is being given us, will make it easy to accomplish this for the coming year.

Proposed Budget For 1920

We have estimated in previous years that at least \$10,000 would be required to adequately conduct the work we have proposed. As stated above, we have never had anywhere near that amount. We suggest therefore that an earnest effort be made for the following year to provide at least \$20,000 for the work of the League. We suggest the following proposed budget:

Rent	\$ 800.00
Secretary	2,400.00
Steno. and Assistant	1,040.00
Steno.	1,040.00
Clerical help	780.00
Postage	800.00
Telegrams	100.00
Telephones	100.00
Exchange	15.00
Printing	600.00
Office Supplies	500.00
Office Fixtures	500.00
Magazines and Literature	175.00
News Letters	500.00
Proceedings of Conference	500.00
Three Bulletins	1,500.00
Information and Research Work	2,000.00
Organizer and Speaker	2,500.00
Conference	1,000.00
Speakers Expenses	1,500.00
Literature	1,000.00

This \$20,000, we believe, is the minimum amount the League should undertake to raise for the years' work. And that amount should be definitely pledged as early in the year as possible so

that it can be depended upon as available from the start. In that case the development of the work during the year may be reasonably expected to increase the membership, the financial support and therewith the effectiveness of the League.

I suggest therefore that the Headquarters Committee appoint at once a Sub-Committee for the purpose of devising ways and means during the sessions of the Conference, for raising the above amount, and that this committee canvas the members and officials of the League present for their appropriations for the work of the League for the next year, and that the matter be at once presented publicly to the entire Conference; furthermore, that following the Conference a letter be addressed to every member of the League throughout the country, requesting their contributions for the year's work. In this way, I believe, the total amount may be raised. (These suggestions were later adopted by the Committee and carried out.)

In Conclusion

These are days of great unrest—days of tremendous possibilities both for good and evil. To avoid the extremes of revolution and violence upon the one hand and of unbridled plutocracy and tyranny upon the other, a positive, progressive, radical but conserving note must be struck; a synthesizing lead be given to bring together the forces that make for the larger and truer democracy.

To develop and set forth a rational, constructive program with reference to our public utility problems and press it upon the thought and conscience of the people until it has been wrought into the fabric of the social order—a newer and next higher achievement of democracy—this is the inspiring task and the opportunity before us. Shall we rise to it and make good?

Trusting that the progress that we have made so far, and that the work we have done in spite of limitations and difficulties has justified our faith in the League and its future and our appeal for renewed energy and support, we await your response.

Faithfully yours,

CARL D. THOMPSON

Secretary.

II. The Street Car Problem And Its Solution

THE PRESENT STREET CAR CRISIS IN AMERICA AND THE WAY OUT

Address by Mr. Delos F. Wilcox, Utility Expert

Introducing Mr. Wilcox, President Todd said:

Ladies and Gentlemen, the next speaker this afternoon is Mr. Delos F. Wilcox who will speak upon the subject "The present street car crisis in America and the Way Out." Mr. Wilcox is probably the most noted public utility expert in this country. He is the author of what is regarded as the most complete discussion of the municipal franchise question, a large two-volume book, and is a man who has had long experience in handling the public utility questions for the municipalities, particularly in recent months, when, as many of you know, the street car situation has reached a serious crisis.

Mr. WILCOX: Ladies and gentlemen, the City of Chicago about 12 or 14 years ago, voted for "immediate municipal ownership." (Laughter) In considering the work which this League has been able to accomplish and the work that it ought to be able to accomplish with respect to municipal ownership of local utilities, and particularly municipal ownership of street railways, I have sometimes felt quite discouraged about the results that have already been accomplished, as compared with the sentiment of the people in favor of municipal ownership, as evidenced by events at various times, in various cities.

San Francisco's Long Fight

As I remember, the first large American city that adopted a policy of public ownership of all public utilities was San Francisco. That was about 20 years ago and that city was then framing a new charter. It put into its charter a definite, concrete policy pledging San Francisco to the municipalization, municipal operation of all of its public utilities, prescribed a method by which the issue was to be brought before the voters every so often; I think it was every two years. The city engineer was to prepare plans and specifications and to prepare for submission to the people a concrete plan for acquiring the utilities. Yet it is a fact that, after 20 years, the city of San Francisco does not yet own its water supply. It is engaged in the work of building a new water supply system, from Hetch-Hetchy Valley and will ultimately pro-

bably acquire the distribution mains of the Spring Valley Company, but not yet has anybody in San Francisco been able to pay one dollar into the city treasury for his supply of water.

The city has made progress in the street railway business, and yet even there the city of San Francisco has only about one-third or one-fourth of the entire local system, and it does not know anything about when it will be able to acquire the remainder.

Chicago vs Glasgow

As I said, Chicago voted immediate municipal ownership, 13 years ago, as I recall, and Mayor Dunne, elected on that platform, sent over to Glasgow to get help to install municipal ownership in this city. And they sent Mr. Dalrymple over here. Mr. Dalrymple said, in a report which was not given to the public at the time "You are not ready for municipal ownership. You can't make street railways pay as municipal undertakings when you run everything by politics" and Dalrymple went home to Glasgow, and he went on sawing wood in Glasgow, and the people in Chicago have sawed wood of a different kind.

Glasgow, in 1917, after three years of war, paid off out of earnings the last dollar of its debt on the street railways. Chicago in these past 12 years, has increased the purchase price of the street railways \$100,000,000 and has accumulated \$25,000,000 with which to purchase them. In other words, the price for the acquisition of the lines has increased four times as fast as the money with which to get the lines, and therefore we are today, as I understand the Chicago situation, \$75,000,000 farther away from public ownership than we were 12 years ago.

Detroit adopted, not many years after trying to get the privilege of getting the issue before the people—Detroit adopted a municipal ownership of street railways amendment to its charter that made the establishment of a street railway commission mandatory, and it directed the street railway commission to proceed to construct or acquire, or both, and make an exclusive public system out of the street railways of that city. That was six years ago, I think. Since then two definite propositions for the acquisition of the street railways of Detroit have been submitted to the people and both have been rejected. I personally think that one of them should have been rejected and the other should have been accepted, but many radical men in Detroit, those who originated the municipal ownership program, voted against both of them.

We know the situation in Toledo, where public ownership has been on the program for a good many years, where the franchise has expired. There has been no franchise for the past six years and yet today we have the spectacle where the city stands helpless and the street cars have been taken off to Michigan, while the city of Toledo is without a street service, and it does not know when it is going to get it again.

Street Car Situation Critical

The street railway situation in the country is very critical, and it seems to me that it is unfortunate that thus far the forces in favor of public ownership, on principle, have not been able to take greater advantage of the situation that has presented itself.

Here we have a street railway system, or a series of systems throughout the country, which, in their capitalization, amount to about a third as much as the steam railroads. They carry about 12,000,000,000 passengers a year. They collect \$700,000,000 revenue a year, and yet that industry, for various reasons which I will speak of briefly has come to a position where it can hardly survive. We do not know from one day to the next whether the street cars are going to keep on running in a good many places. We are certain that, under the present drift, the facilities for street car service will not be expanded as they should be from time to time. We are certain that the cars are being very much run down; the tracks are not being kept up properly, and that this great service of the urban communities of this country is gradually going to pot.

Wanted: A Constructive Policy

Now the street railway companies which have been entrusted with this public function say that the trouble is the 5 cent fare. But back of it all, fundamental to it all, is the fact that the American people, in the municipalities, have had no policy with respect to street railways. They have adopted the proposition of keeping the question open forever and of not deciding for or against public ownership, but of letting things drift, and gradually enlarging the privileges, as the demand for service made it wise to do so that have been granted the private companies and at the same time not to get the power and not to lay plans by which the cities, in a great crisis like that upon us today, could step forward and take over this public function and inaugurate what we believe would be a very great advance in our municipal governments.

What we need, therefore, is a policy. It is not sufficient to vote in favor of municipal ownership; it is not sufficient for us to come to conventions and talk in favor of municipal ownership. We have a very difficult, an extremely difficult problem to solve. With five or six billion dollars of alleged investment, a great deal of which is real in private ownership, in all of these different communities of the country, tied up with franchise contracts, subject to the limitations upon municipal powers contained in our constitutions and our laws, with the cities all burdened with debt with the taxpayers groaning because they have to pay so much for the function of government already, we have a problem of the first magnitude to solve if we are going to make any progress towards municipal ownership and operation.

Now what did Glasgow do? Glasgow took over the old lines about 25 years ago, and soon thereafter electrified them, and it made electrification the occasion for rendering additional service to the people, for reducing fares and also for adopting the conservative financial policy of acquiring first the capitalization. What did we permit to be done in this country? We permitted these companies to electrify, in many cases, under perpetual franchises and to make electrification the occasion for wrecking the street railway industry, as far as they were able to do so, through manipulation of the securities, and to take millions of dollars out of the street railway business and leave the industry with that load upon it.

Now when the war came on and prices of every commodity went up and the cost of rendering transportation increased like that of everything else, wages had to be increased to meet the cost of living, and many believe, I think we all believe, that the wages of the street railway men were too low before the war, and I have an idea that the increase on the average throughout the country, even though it has been very large, has been less than the average increase in the cost of living since before the war; and so the companies are undoubtedly met with a great financial problem—wages up, the cost of material up, the cost of power up, everything up, and under the old contract the rate of fare fixed.

Increased Fares Does Not Solve the Problem

It would be comparatively simple from the financial standpoint if that were all there was to it, because we could say "All-Right", everything else is up; the dollar has depreciated; we will allow you to raise your fare and you will go on your way rejoicing. But the fact is that in most communities the increase in the fare tends to reduce the traffic, it reduces it very largely, so that the street railway, instead of becoming the democratic means of transporting people, tends to become a sort of privileged system of transportation, a system that is not conducive to the general interests of the community, that everybody should have transportation as cheap as possible, but tends rather to become more even than it has been, a privilege granted to private individuals for the exploitation of the necessities of urban communities.

Now the street railway business, from the purely financial standpoint is on the rocks, or nearly on the rocks, because, as I have said, the increase in the rate of fare tends to cut down the traffic, and it may be, in some of the great cities, where most of the traffic is long haul traffic, that may not apply—it may be that in the long run the traffic will come back, but for a good while at any rate the increase in fares, proportionate to the increase in the cost of service, means reduction of traffic and reduction in the usefulness of the service.

Now what under those circumstances, is to be done? The public recognizes the fact that street railway transportation is a public function. It knows perfectly well that most of the companies, on account of the period of manipulation back in the time of electrification, and some since, have been greatly over-capitalized; that the companies are now loaded up with burdens which they cannot bear. The public is unwilling to destroy the street railway that is a public utility, by raising the rates and reducing the patronage in order that those companies may continue to pay these excessive obligations on their old securities. The people have in many ways, attempted to make money out of the street railways. When the street railway companies were supposed to be very prosperous, when they were floating these many issues of securities not based upon property, the public began to say, "If the business is so profitable at 5 cents why shall we not take some of it out in taxes?" With the result that a series of special taxes have been levied upon the street railway business, until now, as I am informed, about 8 per cent of all the gross earnings of the street railway business in the country is taken in the form of taxes. Yet the public is unwilling to reduce the tax burdens of the street railways, until it knows that the street railway business is upon a sound financial basis and that it is not foregoing these contributions to the public treasury for the benefit of the stockholders and bondholders who represent no investment.

Irreconcilable Conflict under Private Ownership.

Out of these different relations there has developed an attitude between the public and the companies which is intolerable. So far as I am concerned, it seems to me that this conflict of motive, of service from the point of the public and the profit from the point of the company, is an irreconcilable conflict, and that there is no way in which I am sure you will agree, the companies and the public can get together upon any kind of a program under private ownership that will eliminate that lack of co-operation.

Now what are we to do about it? We cannot move where we are to another place without taking all the steps between. We cannot go from private ownership of this enormous mass of capital and these great facilities to public ownership and operation without going through all of the steps that are necessary.

Must Have a Definite Plan

Now it seems to me that the crying need right now on the part of this Public Ownership League, or of any group of people in any city or in any state, who favor municipal ownership of street railway facilities, is the preparation of a concrete plan, and the preparation of concrete legislation that will free the hands of the cities, that will prepare the machinery for undertaking this function.

that will lay the financial plans that make it possible to proceed and that will put the advocates of public ownership, in a position where, whenever the issue is up, they have something concrete and definite to present. We are in danger, I think, of having our society divided on this issue by class divisions.

I think the result of the Railroad Administration and the campaign that has been carried on against public ownership, using the railroad administration as an illustration, of the so-called or claimed inconveniences of public ownership—I think the result has been that the business interests of the communities are, as a whole, more reactionary with the respect to public ownership than they were before the war, while the underlying elements, that are silent in ordinary times, are more radical.

Now if we are going to get public ownership in an orderly way, if we are going to have our social development in this country continue, instead of our progress being brought about through the overturning of society, with the necessary results which always come from upheavals that are not according to law and order, we have got to do something definite. We have got to make some definite plan; we have got to be ready to give definite help, not merely in trying to educate public opinion, but in being ready to propose specific methods.

How to Finance Municipal Ownership

Take, for example, this matter of how to pay for the street railways. If we are going along in an orderly process to municipalize, we have got to pay for them. We hope we will not have to pay too much for them, because now, above all, we cannot afford to start out with municipal ownership handicapped by too large a price; but how are we going to pay them, even a moderate price? I did not know until a few years ago, when I was out on the Coast, of the Washington plan by which the cities that want to municipalize their utilities, are authorized in that state to pledge their gross earnings as security for the bonds, and those bonds are issued outside of the constitutional debt limit.

Seattle has taken over its street railways under that plan, and I hope it will prove feasible in many other parts of the country this particular plan may be a useful one in working out our financial problem. But the problem is so complex no one answer can be given to it, except this: that the times point inevitably, as it seems to me, not only to the desirability but to the necessity, the inevitableness, in the long run, of the acquisition of the street railways and their operation as public functions. Now, if that be so then it is up to us to prepare the way for making definite proposals towards that end. I hope that Toledo will walk until it has decided that question. (Applause.)

I happened the other day to be held up in Toledo by missing a

train, and I went up to be an onlooker at the conference between Henry L. Dougherty and the mayor and the council committee. Dougherty said, "Well, I had no right to run these cars any longer, so we took them off to Michigan", and a council man said, "Well, what did you do that for?" The council had passed an ordinance ousting the company from the streets, saying it was unlawful to operate cars on the streets any more. The people, on referendum, had said yes, they approved the ordinance. Dougherty took his cars off, and then they said, "What did you do that for?" (Laughter) Well, Dougherty was right in that respect. From the standpoint of a street railway man it may have been a wise move or may not have been, but it is going to force the city of Toledo to stop pussy-footing, and to decide this primary question of municipal policy, what is to be the status of the street railways, and I think it is time that that issue was forced in every city of the country. I hope that Chicago will meet that necessity pretty soon.

I thank you. (Applause.)

MUNICIPAL STREET CAR SYSTEM OF SAN FRANCISCO

By M. M. O'Shaughnessy

Since the beginning of street railway transportation San Francisco has been well to the front. It was here that the first cable car in the United States was operated, because of the fact that San Francisco is built on steep hills, making it almost impossible for the city to expand unless power-operated vehicles were employed, the grades operated over being in some cases as steep as 21.3 per cent.

The city was slow to take up with the electric railway as soon as satisfactory equipment was assured and all of the present street railway mileage, where it is possible to employ electric power, is so equipped. There yet remain a number of grades over which it will probably always be necessary to operate by means of cable.

Following the natural tendency to keep to the forefront in urban transportation matters, San Francisco also was the first in the United States to take up Municipal Ownership by the construction and operation of electrically operated street railway lines.

Extent of the Municipal System

The present mileage within the city consists of 360 single track miles of railway. Of this, 25 miles are operated by cable, and 335

miles by electricity. The electric lines are all standard 4'8-1/2" gauge. The cable lines 3' 6" gauge. The 360 miles of road are operated by two companies and the municipality. The California Street Cable Railroad Company operates a little over 10 miles of single track, using 38 cars.

The United Railroads operates approximately 286 miles of single track, and owns about 700 electric passenger cars. The municipality operates close to 64 miles of single track lines, owning and operating 195 electric passenger cars.

San Francisco has always been noted for the large number of passengers carried per car mile operated. This is due to the fact that the street grades are so steep in places as to be unpleasant for walking. The natural arrangement of the city is also conducive to riding, as all of the business portion is located at the northeast corner of the peninsula upon which San Francisco is built. This means that all of the population going into the business district or leaving San Francisco for the eastern side of San Francisco Bay must go to one side of the city. This makes the average length of travel much greater than would be the case if the business district were at the geographic center.

Another condition which is peculiar to San Francisco is that Market Street, 120 feet wide, the main business street, is diagonal to all of the northerly intercepting streets. This creates a congested condition, particularly so as the grades are very good and the distance between any two points close to Market Street is very much less by that thoroughfare than via any other route. At the foot of Market Street is the Union Ferry Terminal, out of which operate ferry boats connecting with three trans-continental railways, railway lines north and south thru California and three suburban lines serving the population of Oakland, Berkeley, Alameda, and Marin County on the east and north sides of the Bay of San Francisco. Over 60,000 commuters alone daily pass through this terminal.

This strategic position of Market Street has provoked difficulties in connection with the operation of the street car lines, as will be brought out later.

Prior to the fire which destroyed a large part of San Francisco in April 1906, plans had been prepared and funds secured for the acquisition by the City of the Geary Street Park & Ocean Railway. All thought of taking up this work was banished by the disaster, the money which had been appropriated for the railway work being used for the reconstruction and rehabilitation of streets and buildings. The Geary Street Railway's franchise had expired in 1903 and the company had been operating on a temporary month-to-month permit, paying into the City's treasury 5 per cent of the

gross revenue. Following the fire they reconstructed their property and continued operating under this arrangement.

Successful from the Beginning

After several unsuccessful attempts there was passed on December 30, 1909, at a bond election, a proposition calling for the expenditure of over \$2,000,000 for the construction of a little over 15 miles of single track overhead trolley electric railway over the old route of the Geary Street Railway with extensions to the ocean on the west and the Ferry on the east. This work was in part completed and played in operation on December 28, 1912, the remaining portion being placed in service June 24, 1913. This railway was very successful from the outset, bringing in almost \$500,000 in gross receipts the first year of its operation, with a passenger car revenue of 34.19 cents per mile.

At the time this road was finished the city was compelled to plan for the traffic of the Panama-Pacific International Exposition. This Exposition was to be held in a portion of the City which was not adequately served by street railways. The privately owned roads declined to make the necessary extensions to serve the Exposition. Plans were then made for greatly enlarging the Municipal Railway System and in August 1913 a bond issue to the amount of \$3,500,000 was voted by the people for the primary purpose of serving the Exposition needs. This bond issue was to construct some 25 miles of additional single track and to purchase 7.8 miles of single track of the existing Presido & Ferries System. Not only were these lines to serve the Exposition but the routes as laid out were to aid as the main trunk lines of a system reaching to a number of the important parts of the city including a line along Market Street. The work called for by the bond issue, except that on Market Street, was carried out as per schedule, being ready for service prior to the opening of the Exposition in February 1915. The gross receipts from June 30, 1915, to June 30, 1916 amounting to almost \$2,000,000.

Overcome All Opposition

In 1916 the matter of constructing a line on Market Street was again taken up. A great deal of opposition from the existing private corporation against building parallel outer tracks was encountered, resulting in the matter being carried to the Supreme Court of the United States. The City, however, after winning all of its contentions was able on June 1, 1918, to commence the operation of its cars along the full length of Market Street over new tracks built outside of those belonging to the United Railroads. Market Street now has four car tracks on it for its full length. As the street is 120 feet wide this does not interfere with

vehicule traffic, although it prevents the parking of automobiles on the street at a number of points.

In addition to the lines which were built out of bond issues the city built a considerable number of miles of lines out of the earnings. At the present time the city has approximately \$6,750,000.00 invested in its railway system, \$1,000,000. of which came from earnings. During the past year it operated over 7,200,000 car miles with net passenger receipts of nearly \$2,500,000. the revenue per car mile being a little over 33 1-3 cents. Almost 60 million passengers were carried.

Labor Conditions Improved

When the road was first placed in operation the conductors and motormen were paid on the basis of \$3 per day of 8 hours. This was later increased to \$4.00 then to \$4.50 and beginning with July this year the wage is \$5.00 for 8 hrs. time. The wages paid by the United Railroads are lower, running from 46 to 52 cents per hour, but the men may work more than eight hours per day and every day in the month if they so desire; thus the average monthly pay of a man employed by the private corporation is greater than that of a man employed by the municipality where they are limited to eight hours per day and six days per week.

As indicated before, the passenger car revenue per car mile in 1912 amounted to over 34 cts. For the past fiscal year this same revenue was but 33 1-3 cents. During the same period the operating expenses have increased from 15.9 cents to over 26 cents per car mile.

There has been no increase in the rate of fare, while the average length of ride per passenger has been very materially increased. Increased expenses of operation have been met out of net earnings. Beginning with the first of July, 1919, when the last increase in wages was made, there will be no net income out of which to meet increasing costs or extensions with a continuation of the 5 cent fare. Heretofore it has been the custom to set aside 18 per cent of the gross passenger receipts to cover depreciation and to provide a fund out of which to pay damage claims. These funds are the only place it seems possible to secure the necessary money to meet the expenses. The percentage which has been set aside was very carefully determined at the time that we commenced operating the road. Other roads operating similar systems are allocating to depreciation reserve about the same percentage of their passenger receipts. In order to meet the July pay roll a small amount has been borrowed from this fund, although as yet no definite action has been taken by the Board of Supervisors of San Francisco as to the final policy which will be pursued.

No Increase In Fares

The privately owned railway lines have not agitated for an increased rate of fare although the reports given out by the companies indicate that the companies did not meet their operating expenses and fixed charges during the past year, and they have not for a number of years paid dividends. Due to a number of causes it is very undesirable upon the part of the corporations to increase their rate of fare. This is partially due to the competitive nature of the Municipal Railway and the privately owned roads, and also because their franchises stipulate that the fare shall not exceed 5 cents. It is equally true that it is very undesirable for the City to raise the rate on the Municipal Railway as it would immediately justify any claims the privately owned lines might make for a similar fare, at the same time causing unfavorable comment from the opponents of municipal ownership.

Within the past two weeks the transbay ferry lines have increased their cash fare rate to Oakland, Berkeley, and Alameda, from 11 cents to 15 cents, and the commutation rate from \$3.30 to \$4.00. The whole matter of street railway operation is being watched with considerable interest by all parties, but at the present time there is no surface indication of any change in street railway fares or operating methods. Taken on the whole, San Francisco, having one mile of single track for each 1,600 inhabitants is very well provided with the railway service of a high class.

While not wishing to advocate the increase of street railway fare at this time, it is my opinion that the traveling public can only expect to get what they pay for and that in any community served with street railways it is much more desirable that the returns to the corporation or to the municipality be sufficiently high to insure first-class service rather than to retain a low fare and allow the service to deteriorate.

MUNICIPAL OWNERSHIP OF STREET RAILWAYS IN EUROPE AND AMERICA

By Hon. Albert M. Todd, President of Public
Ownership League of America

The world is now facing the most critical period of its history. The tremendous destruction of wealth by the late world conflict, and the physical loss of men from productive industry point to a long period of conflict between Labor and Capital—between concentrated power in the hands of the few and social and economic freedom in the hands of the many.

As has been the case whenever great masses of men have combined successfully to overthrow tyranny, they have found the strength which union engenders. In a like way, the forces of opposition have also united in gigantic combinations to crush the power of the populace. So a deadly conflict ensues in time of peace. Today our nation is torn with internal upheaval. The people are protesting in no uncertain terms against the extortion and injustice rampant on every hand.

Days of reconstruction lie before use. Will Capital rise to the call of humanity and advance plans imperatively needed for social betterment, irrespective of profit to be obtained? Or will it cruelly pursue its heartless way to fill its coffers with illgotten gains? This question is to be solved thru the patriotism and intelligence of the American people. To work out this problem justly is the ideal for which the Public Ownership League of America stands.

Ownership And Operation Of Railroads Vital To National Life

The railroads of a nation are the arteries of its domestic travel and commerce. Upon their successful and efficient operation depend their value to the traveling public as a means of transportation, and their service to the commercial world as an agent in the distribution of the products of industry. Whether steam or electric, they are the greatest of our public utilities, and so vital they to the life of the nation that it is essential that they be operated first and foremost for the public good. This can be most successfully done thru government ownership and operation.

In this country, we know little as yet of public ownership of street railways, but in Europe a wide test thru a number of years has proved the efficiency in every case of this method of operation. Practically two-thirds of all railway systems are so operated. Convinced of their success, we are following in their wake. Already two of the largest of our cities upon our Western coast have adopted public operation of their street railways, and their experience, tho short has already demonstrated clearly that this is the only just and practical method of ownership and operation. Before entering more fully upon the discussion of these achievements in America, I wish to present some points of interest and value which are conspicuous in the history of municipal ownership of tramways in Europe.

Municipal Ownership Of Tramways In England

The majority of street railways, or tramways as they are known in England, are municipally owned there. Concerning the actual number, Mr. G. Balfour stated in the House of Commons, July 1, 1919, as follows:

"I am quite satisfied that 279 represents the total tramway undertaking in the country. There are 171 municipal undertakings covering 1,800 miles of roads, and 108 company undertakings covering about 800 miles of roads."

It will thus be seen from this statement that the municipal tramways are in the lead by 63 undertakings and 1,000 miles of track.

We know that during the war the Government took over the railroads, but it did not take over the control of the municipal tramways. The high estimate placed upon their value and service by men of high authority and experience was brought out in the House of Commons during the discussion of the adoption of the Railway Bill. I wish to quote the words of Sir Eric Geddes, concerning whom the Marquis of Salisbury said in Parliament, July 29, 1919;

"I believe him not only to be a man of the most distinguished character, but one of the ablest administrators that the country has ever produced."

This great statesman, Sir Eric Geddes, said:

"This reason for the exclusion of the (municipally-owned) tramways was, that the Government did not wish to be accused of taking over highly prosperous and remunerative undertakings which were essentially the property of the community as a whole.----- They are a valuable property belonging to the community, and it was thought that with a State Department running the transportation system and with the progressive municipalities who work these very modernly equipped undertakings, it was unnecessary to disturb the existing proprietorship. That is the reason why they were excluded."

The people of England have great faith in the honor, integrity and patriotism of the men who operate the municipal tramways. Mr. Neal of Parliament, said in the House of Commons April 9, 1919:

"If there is any body of persons who may safely be trusted to exercise their duties in the interests of the public it is those municipal authorities who have instituted tramway undertakings."

For a municipal official in England to falsify his accounts or make a profit for himself or his friends to the detriment of the community would be considered dishonorable in the extreme and looked upon with as great disfavor as an act of treason. Please God that we placed as high an estimate as this upon the performance of official duty in America!

But another reason why municipal affairs are so honestly administered in England. The law compels the proper official to keep an accurate account of all financial transactions and to make an official report to the city covering all statistics of operation. All accounts are regularly audited by public officials and there is practically no opportunity given to falsify reports. This was the actual condition found existing by Prof. John R. Commons and J. W. Sullivan, when, in the interests of the National Civic Federation, they made a thorough investigation of the working of municipal tramways in Great Britain. They found that public sentiment had been growing in favor of this high ideal and that conditions as to municipal employment had greatly improved. Concerning this, they said in their report:

"The reasons for this improvement are the greater publicity and interest, and the exposures of even the slightest indiscretions in the managements of the departments."

Municipality Owned Street Railways In Great Britain Operated At A Profit During The War At Fares Ranging From 1.56 Cents To 2.25 Cents.

In view of the fact that in America private companies have been demanding an increase of rates from 5 to 7 cents quite generally, it will be of interest to note that in Great Britain the municipal tramways have been so efficiently and honestly managed that during the war they have been enabled to cover all expenses, make a satisfactory profit, and charge for fares prices ranging from only 1.56 cents to 2.25 cents. For instance, during the year ending March, 1917, the city of Glasgow sold its fares at an average price of 1.58 cents, and made a net profit of \$1,288,672.

A low fare on the municipal tramways in Glasgow has prevailed for several years. When spending fifteen days in Glasgow studying its municipal institutions during the year 1912, I found that the fares I paid for all distances, including those of over five miles, was only 1 5-8 cents, the average fare for the short and long distances being only 1.54 cents.

Glasgow and Leeds were the first cities to take up the municipal ownership and operation of tramways in Great Britain. In 1894, Glasgow had 64 miles of track; today it has 198 $\frac{1}{4}$ miles all under municipal operation. For the year ending March 31, 1917, it carried 388,294,876 passengers of whom 63.87 per cent paid but one cent fare. Nearly 26 per cent of them paid but two cents, the rest paying from three to five cents, according to the length of the distance which they rode, for in Glasgow, as in many other European cities, the zone system for payment of fares prevails.

During the year ending March 31, 1918, the city of Leeds, England, which serves a little over half as many people as does Glasgow, made a net profit of \$590,859.36. This was realized at an average fare of 2.24 cents. The same year Manchester, serving 1,000,000 people, made a net profit of \$1,653,267.68, and charged but an average fare of 2.24 cents. Dundee, with a population of only 166,000, the same year charged an average fare of 1.75 cents, and realized a profit of \$38,894.40. During 1917, Leicester, England, made a profit of \$173,911.44 at an average fare of 2.26 cents; London, serving 1,500,000 people, only about one-quarter of Greater London, charged on its municipal lines an average fare of 1.75 cents and after paying out a large allowance to employees enlisting in the army, made a net profit of \$58,984.40. Liverpool, during 1917, charged an average fare of 2.75 cents (one cent higher than the rate in London) and made a net profit of \$782,638.52.

During the years as just reported, the amounts placed by the municipal tramway in the city treasury to reduce taxation, were as follows:

Leeds, \$281,440; Manchester, \$468,000; Leicester, \$24,337.88; Nottingham, \$66,880; Dundee, \$54.44; Liverpool, \$585.000.

It is very important to point out the fact that the distinguishing difference between British and American undertakings is that in Great Britain the properties were subject to the dictation of public policy which applied the earnings of the undertakings, as well as their operation for service, for the common good, while in America, in practically 90 per cent of the cases, electrification of railways has been to produce greater profit for the bankers and syndicates who have controlled these undertakings.

To show an actual comparison of the report of the operation of the municipal tramways of Glasgow, Scotland, with the report of the operation of a large privately-owned street car system in America, I am taking the liberty of presenting data given by Dr. Delos F. Wilcox, before the Federal Electric Railways Commission in Washington, D. C. last August, during an investigation of the street railways. Dr. Wilcox, as you recall, is the author of "Municipal Franchises" a two-volume work which is universally acknowledged as the standard work on this subject in the United States, and of other works. He has devoted his life to public ownership problems and is constantly consulted by the United States Government and by many municipalities.

Glasgow Municipal Tramways Compared With The Public Service Railway With Respect to Traffic, Revenues, Capitalization, Etc.

(Glasgow data taken from annual report for year ended May 31, 1918. Public Service Railway data taken from annual report filed with Board of public Utility Commissioners for calendar year, 1918 and other exhibits in the Public Service Railway rate case.

ITEM	GLASGOW	PUBLIC SERVICE RAILWAY	
Population served	1,150,000	2,111,955	(1915)
Passengers carried	430,946,566	404,991,768	Note 1
Rides per capita	375	192	
Total passenger revenue	\$6,833,102.00	\$19,102,346.00	
Average fare paid by passengers, cents	1.56	4.72	
Proportion of passengers paying five cents or more, per cent	2.25	76.22	
Car-miles run	26,261,231	53,250,832	
Passengers per car-mile	16.41	7.61	
Kilowatt hours per car-mile	1.56	3.73	
Mileage of main track	198.25	790.23	
Net Debt per mile	Zero (Note 2)	\$105,387	Note 3
Net capital stock per mile	Zero (Note 2)	\$97,756	Note 4
Passengers per mile, main track	2,173,753	612,402	
Pass. receipts per mile of main track	\$34,416.60	\$24,173.15	
Construction cost of Glasgow system, including power plant, shops and everything complete	\$18,798,968.60		
Capitalization Pub. Serv. R.R. System		\$160,514,150.00	
Construction cost, Glasgow system, per			

mile of main track -----	\$94,825.00	
Capitalization, Public Service Railway system per mile of main track ----		\$203,123
Construction cost, Glasgow system, per passenger carried (in a year,) cents	4.36	
Capitalization, Public Service Railway system per passenger carried (in a year,) cents -----		39.67

Explanatory Note.

Note 1.—This is the number of passengers paying initial fares as estimated by the company in its zone report, plus the number of transfer passengers. In Glasgow, where the zone system is in effect, no transfers are given. Thus the number of passengers carried means in each city the number of separate car rides given to passengers other than "deadheads."

Note 2.—The Glasgow tramways were acquired by the city in 1894, and were soon thereafter electrified. The entire bonded indebtedness was paid off out of earnings by 1917, and up to May 31, 1918, the tramways had contributed \$4,781,000 to the "common good" for the relief of taxation. On this amount \$864,000 was contributed in 1918. The tramways also pay taxes directly, which in 1918 amounted to \$380,867, the equivalent of 5.57 per cent of gross receipts, as compared with 8 per cent paid by the Public Service Railway.

Note 3.—Includes with bonds the sum of \$1,169,118 advanced by the United States Shipping Board for extensions, and additions in 1918; also \$150,000 bonds of Paterson State Line Traction Company, a subsidiary whose trackage is included in the Public Service Railway system.

Note 4.—Includes with capital stock, \$3,475,347 of capital supplied by Public Service Electric Company, upon which the Public Service Railway pays a fixed charge of 6 per cent per annum.*

*This report was copied from the ELECTRIC RAILWAY JOURNAL, August 23, 1919, page 376.

The municipal tramways of both England and Scotland are operated at a great profit to the cities, notwithstanding the fact that the fares are extremely low, a result, of course, of the efficiency of their operation and the absence of watered stock. Yet the profit to be made is not the main reason for the operation of street railways of municipalities for in many cases eminent statesmen think that tramway fares should be still further reduced. But from the British standpoint, the service rendered to the public by the tramways is the greatest consideration, for like the advantage of "good roads" in America much depends upon facility for transportation.

When street railway systems are privately owned and operated profit not service to the public is the vital pivot upon which crucial management swings. The disclosures which have been made by committees investigating the practices of privately owned street railways in America are most appalling and almost unbelievable.

Fraudulent Practices of United Railways of San Francisco.

There is to be found in the Report of the California Railroad Commission, relating to investigation of the United Railway the private company which operated street railways of San Francisco

a most interesting account of the cool audacity of high finance.

The company made application for permission to issue bonds to the amount of \$2,350,000 at 6 per cent the proceeds from the sale of the bonds to be used toward the payment and discharge of bonds previously issued. Before granting the request, the commission started an investigation of the affairs of the company. The applicants refused to produce their books as required and instead furnished statements which were alleged to have been compiled from the books, but which gave no details how the figures were secured. From this meager information the fact was brought out that the company had not complied with the law in establishing a sinking fund reserve; that they had created a fictitious surplus or profit and loss account; that dividends had been paid out of such fictitious surplus to the detriment of the bond holders. But these were not the least of the disclosures. Let me quote verbatim from the report:

"In the minutes of May 25, 1910, it appears that four years' 'back salary' was voted Patrick Calhoun, president of the United Railroads of San Francisco, in the sum of \$75,000 year, or a total of \$300,000. No explanation is made of this item, but it at once suggests the necessity of a thoro investigation in order to determine the items claimed by applicant as operating expenses of the United States Railroads over a series of years."

The further investigation of the affairs of this company revealed such absolute fraud that the Railroad Commission of California refused to grant the request of the company to issue bonds.

In 1914 there was a crying need in San Francisco for 65 new cars and the company again asked permission to raise money, this time by issuing trust certificates to the amount of \$378,500. Another investigation was instituted and the result was the revelation of a gigantic steal on the part of the president of the company.

**Promisory Note For One Million Ninety-Six Thousand Dollars
Given by the President of the Company Valued At One Dollar.**

By resolution of the Board of Directors of the United Railroads of San Francisco, August 16, 1912, official sanction was given by the Board that, "All sums of money hitherto drawn by the president of this company, and all advances hitherto made by him to, or disbursements made on account of, any person or corporation, be, and the same are hereby, ratified, approved and confirmed." The Board authorized the president of the company to draw such further sums and to make such further advances to, or disbursements on account of any corporation, as he might deem for the best interests of the company. This carte-blanc permission to draw on the funds of the stockholders was taken advantage of by the president who withdrew from the company funds \$1,096,000 which he was alleged to have invested in 49,991 shares of the common capital stock of Solano Irrigated Farms (Inc.). No proof

was made to the commission that any part of this money was actually invested in the so-called Solano project, but it was proved that the stock was worthless because when a new president was elected by the company, former president Calhoun was forced to give the company a promissory note for the \$1,096,000 he had taken from the company funds, the note being payable one day after date and secured by stock of the Solano project. The new president of the company immediately wrote this note down in the books of the company as of a value of \$1!

It was also under the administration of President Calhoun that the United Railroads of San Francisco perpetrated another crime now become a matter of history. Over \$350,000 of the money of the stockholders was expended in bribing the city council and other city officers for the purpose of extending the franchise rights of the company. Every corrupt practice which dishonor and dishonesty could possibly invent was used to secure an unjust control over the city. When the matters were finally brought into the courts it was revealed that scarcely a city official was found to be uncorrupted (most of these officials having been nominated and elected by the influence of the company). A number were convicted but a few because of the power of the stockholders money, were acquitted. The actual cost to the city in money as well as in delays caused by litigation amounted to several hundred thousand dollars.

The Railroad Commission of California in most vehement terms denounced the dishonest transaction of this company which they discovered not by any voluntary statement on the part of the company but thru the auditing department of the commission, and they made it clear to the public in their report that the operation of the street railways by this company was a menace to the city. I quote the words of the commission in their report:

"It is the final and convincing proof that drastic measures are necessary to safeguard public interest of this enormously important public utility. Unless some plan is put in effect which will thoroly safeguard the revenue of this company, so that it will be used for the purpose of paying off obligations and producing efficient service, the history of this company indicates that it will proceed with no proper regard for its obligations to the public, and its creditors until disaster overtakes its finances, and meantime suffering will be caused the public through its failure to properly carry out its functions."*

* "Municipal ownership of Street Railways in the District of Columbia" Report No. 963, page 16.

San Francisco First American City To Take Up Municipal Ownership Of Street Railways.

It is interesting to note that San Francisco was the first American city to undertake municipal ownership and operation of its street railways. In view of its experience with private ownership it is no wonder that as soon as franchises began to expire the city took over the lines for public operation.

Owing to the fact that San Francisco is built upon steep hills necessitating the use of cables in many cases, the expense of operation has been greater than it would have been upon a more level area. But because it was necessary for power-operated vehicles to be employed over these steep grades, and since it was so obviously manifest that the public was being robbed by the private companies operating the street railways already constructed, plans were laid as early as 1906 for the city to take over the Geary Street Park & Ocean Railway. But the great fire which destroyed a large part of the city in that year put off the action by the city until 1909 when by a bond election an expenditure of \$2,000,000 was authorized for carrying out municipal operation. Initial service over fifteen miles of track began in December, 1912, and six months later a much larger part of the tracks were being operated.

According to the official report, the municipal railroads were successful from the outset. Traffic over these lines greatly increased following the opening of the International Exposition in 1915. The gross receipts from this little system from June 30, 1915, to June 30, 1916 amounted to almost \$2,000,000. During the past year over its increased mileage and without the aid of a world's fair, it operated over 7,200,000 car miles with net passenger receipts of nearly \$2,500,000, the revenue per car mile being a little over 33 1-3 cents. At the present time the city has approximately \$6,750,000 invested in its railway system, of which \$1,000,000 has already been paid from net earnings. It is no wonder that the private companies of San Francisco fought the right of the city to own and operate municipal street railways along Market Street—the principal avenue of traffic—to prevent which, they carried their contest to the United States Supreme Court. But the city won in the interest of the public welfare and because the opportunity to plunder has to a degree been taken away thru municipal operation, private stockholders are now being compelled to seek "more profitable fields of investment." It is more than probable that as existing franchises on other street railway lines in San Francisco expire, the city will take over these undertakings also. The municipality now operates about 64 miles of single track and owns and operates 195 electric passenger cars. Up to date they have asked for no increase in the five cent fare which has given them so satisfactory a profit.

Before leaving the discussion of the efficiency of the municipal street railways in San Francisco, I wish to point out how the workmen in the service have been benefited. Conductors and motormen are now receiving \$5 per day of eight hours. This is at the rate of 62 1-2 cents an hour. The wages paid by the United Railways are lower, running from 46 to 52 cents per hour. The shorter hours tend to increase the efficiency of the men who can rend-

er better service to the public because of better health, and the increased wage per hour is extremely satisfactory. This same benefit to Labor has been observed in the operation of municipal gas plants. There is not time to take up this phase of the discussion in this paper, but in passing I wish to call attention to the analysis of this point made in the bulletin sent out by the Public Ownership League of America, entitled, "Municipal Ownership with a Special Survey of Municipal Gas Plants in Europe and America," in which I gave proof of the superiority of management under municipal administration.

Seattle Takes Over Its Street Railways

In Seattle, Washington, where the city took over the street car lines in April of this year, the results to date have been most satisfactory for the short period of municipal operation. The total revenue for the first quarter of this year was \$1,299,039.68 as against \$1,135,122.82 for the corresponding quarter of last year, a gain of \$163,916.86 under municipal operation. The total operating expense for the first quarter of this year was \$1,052,727.61, leaving a profit over operating expense of \$246,312.07. The wages of trainmen and other employees were increased practically 20 per cent. For instance, for the first six months of service the city paid its motormen and conductors 53-1-8 cents per hour when the Puget Sound Traction, Light & Power Company had paid them but 46 cents; during the second six months it raised the wages to 56 $\frac{1}{4}$ cents, while rates of the company for the same length of service had been but 48 cents. After a year of service, these employees are to receive 59 $\frac{3}{8}$ cents, instead of the 50 cents formerly paid by the private employers.

The city has every intention of keeping the system strictly up to date, for during the past quarter it has expended nearly \$100,000 more in maintaining the tracks, overhead system and street cars than private company did during the corresponding quarter last year. And in spite of this outlay of funds for the present and future maintenance of the lines, the city has made a profit of \$1,052,727.

Safe Burglarizing And Other Crimes By The St. Louis Street Railway Company, Instigated To Destroy Referendum Petitions.

To show the extreme length to which public service corporations will go to attain their ends, I wish to briefly refer to a crime committed in 1918 in the city of St. Louis, Mo. Because of the extreme injustice shown by the street car company, both to the public and to its employees. Petitions were signed by over 20,000 citizens to secure a referendum vote looking toward municipalization of the street car lines. Shortly before the election was to occur, the safe of the Referendum League was burglarized at night, and

the petitions were stolen. This was done with such secrecy that nearly a year elapsed before the perpetrators of the deed could be located. At length however clues were obtained, and a full confession was made before the Grand Jury one of the perpetrators, showing that he had been employed by the officials of the company to go to Chicago to secure professional safe burglars to come to St. Louis to perform the crime, which was accordingly done. In the end many of the public service company were found to be implicated. The criminal practices of the company so aroused public indignation that the City Council was obliged to revoke the unjust franchise extension which it had passed.

The street railway problem is but one of the many public utility problems which it is our privilege and duty to study and solve. Upon their just solution depends the perpetuation of our existence as a nation of democratic ideals. The new era before us is pregnant with possibilities of successful achievements in public ownership lines, and out of the present we shall hope to see the rising of a future civic life vitalized by a larger degree of democratic ownership and control of public utilities.

THE SEATTLE MUNICIPAL STREET CAR LINES

By Thos. Murphine, Supt. Public Utilities of Seattle

On April 1st of this year the City of Seattle by the purchase of the street railway properties of the Puget Sound Traction, Light and Power Company came into possession of approximately 206 miles of street railway track and overhead system, 540 street cars, 81 pieces of real estate and a variety of buildings, car barns and shops, freight sheds, machinery, tools and equipment, and a stock of supplies.

Certain portions of this property were appraised by various engineers and real estate appraisers. The street cars were valued at \$2,500,000.00; the commercial real estate at \$540,000.00; the buildings, car barns, shops and freight sheds at \$528,980.00; the machinery, tools and equipment at \$500,000.00; and the stock of supplies at \$350,000.00. The railway track and overhead system was not physically appraised at this time, but from former appraisals made by engineers of The Public Service Commission of the State of Washington and by comparison with the cost of construction of like track by the City of Seattle and the City of San Francisco, a value of \$11,683,966.06 was placed on same by this department.

ed by the railway tracks. This, the department feels, is not a proper railway expense under city ownership and management, and is not being done in San Francisco and other cities which own and operate street railway properties.

Private Ownership Breaks Down

The rise in wages and prices of material caused by the war affected all lines of business, but none more pronounced than the street railway business. Nothing is more certain in this field than the fact that the business can no longer bear the charges and burdens that it has borne in the past. This is evidenced by the number of the street railway companies that have gone into the hands of the receivers thruout this country; by the miles of track that have been actually abandoned and taken up; and by the applications for relief from franchise obligations that have been made almost universally to the appropriate authorities.

The financial situation of the street railways has become so bad that the President of the United States has recognized the problem as a national one, the solution of which is essential to the continued prosperity of the nation, and has authorized the appointment of a committee to investigate and report on conditions and proposed remedies.

It is now pretty generally admitted by everyone who thinks seriously on the subject of urban transportation, that it is impossible to pay out of a five-cent fare all the things that have been paid out of it in previous years. About four standard methods have been tried or urged upon the street railways to meet the change in conditions, viz:

1. Increase in fare.
2. Relief from franchise obligations.
3. Economies in operation.
4. Public ownership.

The fallacy of these methods, we believe, is that no one of them alone will suffice—there must be a combination of at least three of them.

Safeguards for Municipal Ownership

The increase of fare has been tried almost universally and, while an increased fare brings increased revenue, it does not do so in proportion to the increase in fare, showing that a large percentage of the people, under an increased fare, do not use street cars. The short-haul patron walks and the longer-haul patron rides only when necessity compels him to do so. This affects not only the railway, but the manufacturer and the business man as well, and is not compatible with the idea of service. The reason for this, we believe, is to a large degree psychological. Other commodities have raised in price without a large decrease in their use,

why cannot the street railway raise its fare and all the people still ride? The placing of two coins in the fare box, even if one is only a penny, seems much larger than placing the nickel alone, and the purchase of metal tickets, or other emblems, is not satisfactory because it cannot be spent in other ways. We believe that if the Government could coin a six-cent piece and a seven-cent piece that it would go a long way to destroy the psychological effect of the increase in street car fare.

The relief from all franchise obligations is imperative, and under public ownership and management there can be no just reason advanced why any portion of the nickel fare should be taken to pay other than legitimate railway expenses; in fact, if the City is deemed to owe a duty in the way of transportation, and everyone admits that transportation is a vital element in urban life, then the street car patrons should be placed on an equality with patrons of other conveyances.

The City, by its local improvement district, builds and paves streets free of charge to the automobile and maintains the street from its general fund. Our position is that the street car rider and the motor car rider should be placed on an exact equality. The jitney rider must pay fares such that out of it can come wages for the driver, cost and maintenance of car and motive power. The roadway or track for the motor car, either privately-owned or operated as a jitney, is originally built and maintained at no cost to the owner or patron of the motorcar or the jitney. The car riders' nickel or fare has to pay the cost of the street car and its maintenance, the motive power and operating expenses of the street car, and must also build and maintain not only its own track, but, to a large extent, the track of its competitors in the field of transportation.

We doubt if any one can say at this time just what position the street railways will hold in the field of urban transportation in the future, but at least no one who is unselfishly interested in the subject of urban transportation should be so committed to any particular type or system of transportation that he would want it to continue if it might be supplanted by a better one. If the motor car can render service equal to the electric railway car at a less cost, the sooner Seattle or any other city is convinced of that fact, and acts upon it, the better. But before any city can intelligently choose between rival systems of transportation, it must first place them on an equal competitive basis, removing handicaps and equalizing burdens.

From what knowledge we now have there is no indication that the motor car can fill the place now occupied by the street railways. They can perhaps take the cream of the business away from the street railways and make their operation unprofitable. Where the railway systems are privately owned, the motor car

might drive them into bankruptcy. Under city operation, unregulated jitney competition, while it cannot bankrupt the city, can make its street railways unprofitable and result in placing a burden upon the tax payers that they would not have if the street car and the jitney were placed on an equal basis.

Municipal Ownership an Accomplished Fact—No Longer a Theory

It is sometimes said that in purchasing the railway properties from the Puget Sound Traction, Light and Power Company, Seattle began the greatest experiment in municipal ownership that has ever been made in this country. That impression is somewhat misleading. Municipal ownership of the street railways in this city is not an experiment—it is not a moot question concerning which our citizens are to decide favorably—or unfavorably—it is an accomplished fact. In this city at least we have burned all our bridges. True friends of our municipal enterprise should welcome nothing but the truth concerning it. We are not in the propaganda state, wherein partisans on both sides are tempted to distort facts and misrepresent and color statements to prove their preconceived notions.

Seattle is in a peculiarly favored position in which to determine the relative merits of the electric street railways as compared with any and every system of transportation, and if it places them all upon an equal footing, can demonstrate real truths in connection with the present uncertain transportation problem in the larger cities.

NOTE: Seattle has been spoken of as having the largest publicly-owned street railway system in the world. This is only true in regard to mileage of tracks. The City of Seattle is now operating approximately 280 equivalent single track miles of street railway. The City of Glasgow, Scotland, operates less than 200 equivalent single track miles of street railway, while the City of San Francisco operates approximately 60 equivalent single track miles of street railway. The City of Glasgow, however, serves a population three times as large as Seattle and carried annually four times the number of passengers that the street railways of Seattle carry, while the City of San Francisco, with approximately one quarter the mileage carried one-half as many passengers.

PLAN FOR PEOPLE'S OWNERSHIP AND OPERATION OF CHICAGO STREET RAILWAY SYSTEM

Address by Frank B. Ayers, representing Hon. William
Hale Thompson, Mayor of Chicago

MR. AYRES: Mr. President, ladies and gentlemen, I feel highly honored that I am going to have the attention for a few minutes of this splendid audience made up of representatives of the best people from all over the United States and Canada, and I also feel I am honored, that in the unavoidable absence of the mayor, I have the honor to represent a man who was condemned because he stood for America first. (Applause.) I represent a real mayor, not the theoretical mayor that you think you know because of the exparte evidence that you receive through the subsidized press. I represent the mayor who stood for free speech. (Applause.) I represent the mayor who said the constitutional rights of the people will be observed in Chicago if nowhere else in the United States. I represent the mayor that is known in Chicago and not the mayor as he is known where only the subsidized press has been taken for the statements that it has made. The subsidized press that has been referred to here this evening, that represents the interests that have been so bitterly complained of before this body this evening, is the same press that has attempted to humiliate and to scare, if you please, the mayor of Chicago and prevent him from performing his duty as the chief executive of this city of three million people. There has not been a minute since he has been the mayor of this city that he has not observed and enforced the law, and has given the people their rights, and therefore I think that I am honored two ways, first in being asked to address this body, and second in representing the mayor of Chicago.

As your chairman has said, the mayor is in favor of municipal ownership of the street railways. You would think that everybody would be in favor of the municipality owning its own transportation system, yet the people that own 75 per cent of the wealth of the city are against it; but those people represent only about 3 per cent. of the three million population of Chicago. Yet their representatives on some of the newspapers of Chicago think for a time at least they can fool the people, and so long as they are able to fool the people they can bring to their support a greater per cent. of the population. But, thank heavens, that per cent. is growing smaller every day.

Why The People Should Own The Street Car Lines.

There are three things that are essential in a transportation system like our street railways here in Chicago: first, you must have streets; second, you must have a railroad track; third, you must have cars. The streets are owned by the people. Sometimes the tracks and cars are owned by private interests. The people own the greatest value that is in the street car enterprise—the public is a partner in the street car business, and I want to say if the public can be a partner in the street car business it can own the entire enterprise. The people could not divorce themselves from the ownership of the streets if they wanted to. It is true that they give the use of the streets to private interests. It is true that they could give the management of the street cars to private interests, but as long as private interests control your street railways just that long you have no real interest. The interest of the public and the interests of the private individuals who own and operate your public utilities, such as street cars, are antagonistic to each other.

Now the street cars must be run by the servants of somebody. The wealth of the city seems to be a unit in claiming that the servants should be the servants of private interests. The mayor of Chicago insists that the servants who operate the street railways should be the servants of the people. The great question seems to be how can the people get control of the street railways. If you will stop to think over that problem for a moment you cannot help but arrive at this conclusion—that the money to build the street railways and to operate them and to pay large salaries and to pay dividends, not only on real estate and stock and watered stock, all comes from the same source; it comes from the pockets of the people, and it is only a question as to the best manner of taking the money out of the pockets of the people and building the street railways, and if private interests are permitted to do that it takes more money from the pockets of the people than if the public does it.

Companies Keep Their Contracts When It Pays.

Now in 1907 the street car companies of this city wanted a franchise. They offered to give to the people of Chicago a five cent fare, universal transfers, the best railway system and the best service for 20 years for a franchise. The people took them at their word and voted to give them a franchise in the streets of the City of Chicago for that length of time under such a contract. There was what we call a contract ordinance passed by the city council and submitted to the vote of the people and adopted by a referendum vote and accepted by the street railway companies. Now as long as the street railway companies were making

a lot of money there were no objections from the street car companies in carrying out their contract, but because they could not count their millions by the month during the war and since the war they went before the Public Utilities Commission of Illinois and asked that they be relieved of their part of the contract while the city be held to its part of the contract; and the mayor of Chicago has insisted that the contract is just as binding on the part of the company as it is on the part of the city.

The Public Utilities Commission of the State of Illinois is not selected by the people; it is selected by one man. It is only one step removed from the people. The people could not remove any member of the Public Utilities Commission. The personnel of that commission is not under obligations to the people they are supposed to represent. They are not answerable to anybody except one man, the appointing power. The three million people of Chicago have nothing to say about it. The Public Utilities Commission gives their decision and the City of Chicago must pay the price. The constitution that says that contracts shall be held inviolable has been declared a scrap of paper so far as the wealthy is concerned, but is binding as far as the common public is concerned, and that is the condition we find ourselves in today.

Mayor Thompson's Plan For Public Ownership.

The mayor of this city has advocated a plan and presented it to the city council, and it is a simple plan. The following are the main features:

I. A new local government to be known as "The Transportation District of Chicago." It may be argued that we have too many local governing agencies now. That is true and consolidations should be effected. But this is one agency that should be separate and distinct from all others, bear no relation to political conditions which surround others, and be so organized and constituted as to be directly responsible to the people who compromise it.

This proposed government should have the power to levy taxes and issue bonds in order to raise a sufficient revenue to purchase or build and equip street railway properties sufficiently extensive to serve the City of Chicago, and its environs in the most modern and efficient manner.

II. A governing board of trustees elected by the people. The governing body of this proposed "Transportation District" should be a board of five trustees elected by the people. These trustees should be elected at the out set one for one year, one for two years, one for three years, one for four years, and one for five years, and thereafter one each year for a five-year term. The election each year for trustees to take place at the time of the aldermanic elections, thereby involving no extra expense. By this system

the people would exercise close control over the general policies of the district and could effect changes or alterations in management each year if they desired. Through a government such as this, the traction situation would at all times be in the hands of officials directly responsible to the people and local transportation would be operated, not with a view to financial profits and returns on unearned increment, or for creating wealth through the swindling processes of maintaining artificial values on worthless or non-existent properties, but for the single purpose of giving the people useful commodious and accomodating transportation at a five-cent fare.

III. Forfeiture of the companies' franchise rights. There is reasonable ground to believe that the City may soon rescind and cancel the rights of the present Surface Lines Companies in the streets of Chicago under the contract ordinances for the reason and upon the ground that the companies have refused to be bound by said ordinances and have renounced their contracts with the City and with the people, and for other good and sufficient reasons.

The contract ordinances are very plain as to forfeiture of rights and privileges in the streets through failure to comply with all of the terms and conditions of the ordinances upon the part of the Companies. One of the most important terms and conditions of these ordinances is the maintenance of the five-cent fare throughout the period of time covered by the ordinances.

IV. Traction fund and bond issues to supply funds. It should be borne in mind that under the contract ordinances of 1907, the City has some twenty-five million dollars in the traction fund and other moneys available when the rights of the present traction companies are ended, to start the building of subways and such lines of transportation as may be required to create a superior system under direct control of the people who use it. Long term bonds can be issued to procure money necessary to acquire existing properties or build a new system and thereafter the properties will be self-sustaining and the income from them sufficient, not only for their operation, but to pay interest on bonds and provide a sinking fund to meet the principal when due. Such bonds will be desirable security and there will be no difficulty in marketing them at a comparatively low rate of interest.

V. Enabling legislation to be secured. We are advised that there is no constitutional objection to the plan herein proposed. Certain enabling legislation, however, will have to be secured. But we are confident that the Governor and the Legislature will give the City such aid if the people demand it.

In view of Governor Lowden's record on local public utility control and his attitude toward home rule for Chicago, all that it is

necessary for the City Council to do is to pass the ordinance which the mayor has submitted, and Governor Lowden is in honor bound to call a special session of the Legislature to enact the legislation which will enable Chicago to control its public utilities in manner and form satisfactory to its people.

VI. A special commission to work out the plan in detail. The mayor suggested in his message to the city council in September that he be authorized to appoint a commission to work out the problems involved in detail, draft the necessary legislation, and take such other preliminary steps as may be expedient to bring the plan to an issue before the people in definite form, and that such funds as may be necessary for the purpose should be provided, either from the traction fund or from other sources.

VII. A fair valuation of the properties. Previously, valuations have been put upon the Surface Lines which included every fictitious and inflated value known to tricky and ingenious manipulators. In this case I propose that whatever properties are assimilated shall be bought or built at their actual cost.

Our street car company has what they call a capital account, that is, what they claim is invested in the property, of \$157,000,000. Now that is a lot of money, and they want the people of the City of Chicago to pay good dividends on that amount of money.

This capital account is strictly a one-sided affair, because the cost of all construction and equipment of old street railway lines and new is added to it from time to time while nothing is ever deducted on account of property depreciated or worn out or removed from service. In 1917, Mr. William W. Gurley and Col. E. R. Bliss, lawyers, representing the traction interests, appeared before the Cook County Board of Review and stated that of this capital account, which then amounted to approximately \$150,000,000, \$55,775,000 was gone and there was nothing left to represent it, and that \$11,000,000 had been invested in pavements and \$2,000,000 in sewers which belonged to the City of Chicago.

That was not all that was important about their testimony. They went further to say that the balance had depreciated at least one-half; so you will deduct from \$157,000,000 \$69,000,000, leaving \$88,000,000, and then you will split that in two, leaving you \$44,000,000 out of \$157,000,000.

Now if any of you ladies and gentlemen could buy land at \$44 an acre and get a return equal to \$157 an acre it would be a good purchase. Now the indebtedness upon the street car company of this city is \$140,000,000. It seems that the real value is \$44,000,000; well, the indebtedness is nearly \$100,000,000 more; so if you could buy an acre of land for \$44 and borrow \$140 upon it you could pay for the land and put \$96 in your pocket, and then you could rent the land for enough to give you good return on the

\$140. We do not propose to accept these fictitious and inflated values hereafter.

VIII. Public ownership of the entire street car system. This plan of the mayor provides for public ownership of the properties. On August 10, 1919, the mayor issued a public statement in which he said: "The people of Chicago never have and never will receive justice or equity or the benefits of square-dealing from the crew of conscienceless plunderers now owning and operating our local transportation lines. A square deal for the people is farthest from any thoughts controlling their profiteering designs."

Public ownership, therefore, is the only solution, and for this the mayor's plan provides. The adoption of his plan will put an end for all time to private ownership and operation of local transportation service, which has at all times been the servant of organized wealth and greed. In place thereof we will have transportation under a representative ownership and operation directly controlled by the people for all time to come. It will mean a people's ownership and operation in which the people directly affected, and who pays the costs, become entitled to full voice, under a well ordered system, in the management of their own service.

Government By Commission.

The mayor's plan will restore the people's control over their local affairs which the utility companies have managed to destroy through their government by utility commissions.

I just want to make one or two hasty points in reference to that, which I think are pertinent to this question. The American idea of government that the sovereign power is in the people, and that sovereign power on election day is gathered up from the people who vote for one man or for several men for a certain length of time to represent the public as public officials. At the end of their term that power is supposed to get back to the people again. The public utility owners believe in that system of government for the other fellow, but they believe in an autocracy for their proposition. They do not believe in trying their cases before a court elected by the people. They want to try their cases before a commission that is not selected by the people or elected by the people, and the membership of which is not answerable to the people. To you people who do not live in Chicago let me just state briefly what I believe to be one of the most startling facts in the history of the United States.

At the time of the strike of the street car lines the representatives of the railroads and the representatives of the State Public Utility Commission met in secret session. I do not know what was done. The men wanted more money, which they were entitled to. The public was not admitted; the press was not ad-

mitted; no city official was admitted. The litigants from one side of the case were in secret session, and what happened between that tribunal and the litigants on the one side of the case I am not prepared to say, but I do know that they came out from that secret meeting and immediately announced that the street railway company would petition for an increase in its rate of fare, and on Saturday morning, the 2nd of August last, served notice on the city that they would file such a petition on Monday, and on Monday they filed a petition, and the city insisted that they try the case first—that the city be heard—before they passed upon the petition, but the Public Utilities Commission said, "We will pass on it first and then try it afterwards," and so they entered an order increasing the fare from five cents to seven cents, which increased the burden upon the people of the City of Chicago \$39,000 a day.

City Should Own Revenue Producing Utilities.

The mayor favors the public ownership of these street car systems because such ownership will be a great source of revenue to the city.

Now we have two different kinds of public improvements; we have a non-productive kind, and we have the productive kind. Nobody raises any question about issuing bonds and levying taxes to build court houses, jails, and hospitals and the like, because they are not productive. Neither do they raise any objection to the city issuing bonds to build city halls, city warehouses, bridges, parks and various necessary public improvements, but when it comes to something that may have some return like a street railway system, that might, if handled properly, be productive, there is a great cry against it from somebody that has more of this world's goods than they ought to have, perhaps, and they say, "It is all wrong, let me own the street railway system, because there is money in it, and confine yourselves to building something that is not productive."

Now our mayor believes that the city has just as much right to build a necessary public improvement that has some return in it as to build some public improvement that has no remuneration. We have a city owned waterworks system in this city, and after we have taken out what represents enough to build all that is necessary in the way of new piping each year and to make the necessary improvements, we have about \$8,000,000 left for the people.

A VOICE: And you did not raise the price?

MR. AYERS: We did not raise the price and the people are served for perhaps one-tenth of what they would pay for water if it was in the hands of private individuals. If we had a city owned street car system we ought to be able to give a 5 cent fare with

universal transfers to everybody in the city and make a half million dollars for the benefit of the general treasury besides.

Now the street car system under the mayor's plan is not to be run by the city government; it is to be run by the representatives of the people. One of the first things the people would do if they were to take possession of the street car system would be to cut off some fancy salaries running from \$40,000 to \$60,000 a year. We have a few individuals in this city who draw immense salaries, running from \$40,000 to \$60,000 a year. Why? Because the people pay for it. Why do the people pay for it? Because it is shouldered upon them, and they cannot get away from it, but I think a little later we can, because we have a mayor in Chicago who has the push and energy to fight, that will secure not only improvements in the street railway system, but will secure needed extensions in the city, and get the laws that will give the people their constitutional rights. (Applause.)

It Is A Fight Against The Profiteers.

You perhaps know something of the fight that he has made against the profiteers of Chicago. He has not had the council with him until recently. The council very lately has seemed to have gotten a change of heart. The last three roll calls on important questions that the mayor advocated—the council was unanimously with the mayor. What does that mean? That means that we will have a street car system that is owned by the people in the near future. It means that the cold storage plants of Chicago will be opened and that the food will reach the people who need it, and that the food profiteers who have millions of tons of meat of all kinds and eggs and butter and everything that is necessary to keep humanity alive—have it in their cold storage plants, and store it where they can overcome the law of supply and demand—will not be permitted to keep it from the people, and will not be permitted to give it out to the public at three times what it cost them.

I am going to close, but in closing I want to say to this audience that is made up almost entirely of people from abroad, that we as citizens of Chicago, appreciate the fact that you have selected our city as the city in which you are conducting or planning a great proposition. You have shown, in my judgment, excellent choice in selecting Chicago for this great work, and I hope that your judgment all along the line in your endeavors will be as good as it has been in selecting Chicago. If you want to do big things come to Chicago, but in coming to Chicago, remember that we appreciate the high honor you bestow upon us, and I think I speak the sentiment of everybody in the city when I say that we appreciate your coming. I thank you. (Applause.)

III. Public Ownership of Railways

PLUMB PLAN FOR GOVERNMENT OWNERSHIP AND DEMOCRACY IN OPERATION OF THE RAILROADS

By Glenn E. Plumb

Special Attorney for the Railway Brotherhoods, Washington, D. C.

MR. PLUMB:—Mr. President, ladies and gentlemen. This is a time for careful, earnest study and thinking. It is a time for all men who seek the good of their country to sink all personal feelings and try to find out the cause of the disorders. We need skilled physicians, for the case requires careful diagnosis. Physicians cannot agree on a remedy unless they agree upon the diagnosis, and if they do not agree on the diagnosis it is useless for them to consult as to remedies. Our nation is in a very, very desperate condition. The industrial situation must be deeply and carefully analyzed. We have made that analysis to the best of our ability out of our years of experience and with a knowledge of the facts which few other men outside of the railway employees could possibly possess, for this is a peculiar subject. Misinformation begets wrong theories and the lack of knowledge and experience induces idle fantasy. We bring to you actual experience, actual knowledge, and the best analysis that our minds can put at your service.

Those Who Suffer—See

Now whenever a nation or a people have a question that must be answered they do not seek the answer first; they try to analyze the situation, to see what principles are involved, what interests are at stake, and then study the facts that are essential to a correct answer. When we have understanding we can make an answer, but an answer without understanding is mere foolishness. So in order that you may grasp our answer I want you to put yourselves in the position in which these men stand who have been at the head of these labor organizations for a generation. And I want to say one thing more, to repeat what President Wilson said—no matter how we may disagree with his theories, with his performances, or with his plans, all the world owes him a debt that never can be paid, for the wonderful clarity with which he has expressed truths that no man has ever before put into words. Here is one truth that he expressed on coming back from Europe. He said, "The statesmen of the world do not understand; they

cannot see the things that must be done. Those who suffer see." Our vision comes from those who suffer. If we see correctly it is because we are compelled by dire necessity to find the answer and find it truly.

Principles Underlying The Plumb Plan

So I want to analyze for a moment the economic principles, the necessities which underlie the railroad industry. This industry has many things in common with all other kinds of business, and then it has certain things that differentiate it from every other industry. I will tell the differences first so that our minds will not be clouded by the study of unnecessary things. For that purpose we divide all industry into two classes, first, industries which are individualistic, that is any business which an individual may carry on as an inherent right of his citizenship, under his right to the pursuit of happiness, for that means nothing but the right to make a living. The individual is guaranteed by the constitution the right to make a living in any lawful manner that does not involve a grant from society. The second class of industry is that which is based upon grants from society. Railroads are the best illustration of that. All public utilities come within that class. Yet the railroads have certain differences that sharply separate them from other public utilities. Those differences we will take up later.

The Public Must Have Transportation

Now, analyzing the principles which are common to all franchise industries, I want to find what interests are involved and what are the essential interests in the industry. Society must have transportation. It could be carried on by individuals as was done in the olden days, but it can better be served if it be served through agencies which the state creates. Therefore the state grants its franchise to some agency to construct, maintain and operate a highway. That franchise in the hands of the grantee is a very valuable asset, and it has been considered as a gratuity from society to the grantees, the grantees to receive the benefits therefrom. Of course this is wrong. We consider that grant, which is merely the crystalized expression of society's need for service to be as valuable an asset in the hands of the state as it is in the hands of the corporation. It is an investment made by the state as the basis of the industry, and like all other investments the state expects to receive returns on its investment—returns not in the shape of profits to the state, but of benefits to the individuals who compose the state and who must use these highways. Those benefits should be received in the shape of cheaper service, better service and more service than the people could have received if the grant had not been made. There is

your first interest. I do not say it is the first interest in importance, but it is first in point of time, for without it the industry could not have begun to come into existence.

Investment and Return of Capital Protected

The second interest is that of capital. What is capital? It is the unexpended surplus of past labor. Some one in the past produced more things than was needed to support his life—more than he consumed, and that surplus becomes capital, whether in his hands or in the hands of another, it makes no difference, it is capital just the same. What is the function of capital? Merely to supply tools, equipment and materials—the things which labor must have in order to supply society's needs. Now we have to have capital. Again we have been accustomed to think of the rights of capital, the rights of property, as though money, lands, houses, railroads, had some rights in themselves, inherent in their existence, that this government and our constitution should protect. That is a mistake; that is a misconception. What we really mean is this when we speak of the rights of capital—the rights which individuals have lawfully acquired to own, possess and dispose of, the things which constitute capital. That right of ownership and disposition is what makes property, and that is a human right. It is the right which we recognize in human beings to control their possessions. Our governments are erected to protect human rights and our constitution deals with men and not with things. It is that right of possession, control and disposition which the constitution protects. Now if we must have capital which legally belongs to individuals we can only get it with their consent. To take it without their consent is confiscation of property rights. This is prohibited by the constitution, and we cannot for a moment contemplate such a thing in America. So if we are to get this capital there are two things we must do; we must guarantee to the owner the protection of his investment, so if he lets us have money for our use he will know that that money is always there, that he can get it when he needs it, and that his return on it is safe, sure and certain, and not to be disturbed, and that return must be such a return as induces the investor to make the investment. That means the market rate of interest for that kind of security. When we have guaranteed the owner of capital that security and that return, then we have satisfied every right which he possesses under the constitution; he has received the full protection that the government guarantees, and that is the protection we accord him.

The Rights and the Dignity of Labor

Now we have labor, the third fundamental interest: again we want some definition. What is labor? Labor we have considered

to be that of human effort which was compensated by wages, payments by the day or month or by the completed task. All labor not so compensated we have thought was something else; we do not consider it. We consider labor to be all human effort expended in production, whether it be the directing force of the president of a railroad company, with his mental effort directing the affairs of the industry, or the mere muscular service of the boy who brings water to the track gang. It is all human effort expended in human service, and it is all labor. True, the president renders more service with his mind than he does with his hand, but he cannot render any service at all unless he gives it physical expression. When you so separate the physical expression from the mental effort, that mental effort alone remains, you have nothing but the spirit. That is of no human use whatever. It has passed from the realm of earthly affairs and ceases to serve. On the other hand, when you get down to the point where no mental effort is needed you have a machine, and no matter how perfect that machine may be it is as worthless as the unmined metal unless it be directed by a human hand and human brain. We speak of the efficiency of machinery. There is no such thing. A machine is a device designed by man to make human effort more efficient. Machines can make our efforts more efficient, but we cannot make a machine more efficient unless we work it. A machine increases human efficiency, that is all.

We have a wider, broader conception of labor than that. It involves what might almost be called a religious idea. You would not think that labor men and labor leaders ever gave much thought to the technical things of religion, but no man who seeks the fundamental basis of human action can very long escape the weight and force of these obligations. I do not mean sectarian obligations, I mean a recognition of justice as the basis of human action, and he who worships justice worships God and is religious under any term. (Applause.)

Labor the Expression of the Creative Force

Here is our conception of labor: when God made this earth He placed man upon it and His work of creation ceased. The sustaining of life is just as important a part of creation as the making of life, and in all the things that came to the hand of man on the land, on the seas, in the forests or in the fields, not one single thing could be used to support that life without some human effort either to acquire it or to prepare it for human use; so there was placed in every man, in every human being, some spark of the divine creative force to carry on that which He had begun, so we could take the things that God furnished and through our creative power, the exercise of this divine element, prepare

them for human use, for human advancement. Every step of human effort that gave us this golden room¹ has been perfected through labor, the expression of the creative influence. Labor alone has led us to this moment. Labor must protect us now, and it must pave the way to the future that we hope for. That is labor, the expression of the creative force which every man possesses.

Now we have treated labor heretofore as a commodity, to be bought and sold in the markets like goods and other things for the lowest price. Well, did you ever think that if you make the laborer a merchandiser of a commodity he is controlled by the same human law which controls every merchandiser? He seeks to sell as little of his commodity for as much as he can get. So do the merchants on State street. Can you complain of the laborer, if you insist that he is selling a commodity, if he seeks to shorten the hours of labor, to limit the output and to force up the price which he is to receive for his commodity? Is not that what the packers are doing? Is it not what the mine owners are doing, is it not what the owners of railroads are doing? And shall we imprison the laborer because he obeys the same human impulses and seeks to do what those in greater authority do without criticism? (Applause.) Our constitution protects the rights of individuals to own, possess and dispose of the things which constitute property. It is supposed to protect the right of individuals to control and dispose of that human effort which creates the things that constitute property. To take the things without the owner's consent is confiscation. To take human effort which produces things without the owner's consent is slavery. (Applause.) And men who hope to control their own efforts under our constitution will be the last to say that man shall not control his own lawful possessions, for you cannot violate one guarantee without forfeiting the other.

Give Labor the Investor's Hope—A Share in the Profits

Now how are we going to change this attitude towards labor? A grant of society is an investment. Letting us have money is an investment. Giving us human effort is an investment, when we get the service of human effort we must pay that rate of interest which induces its owner to make the investment and give us his service. We pay that interest in wages; but now see how we have changed the fundamental basis of industry. The maker of any investment under free and competitive systems knows that his profits depend upon his making more goods, better goods and cheaper goods than his nearest competitor, otherwise he cannot get the trade of society and his investment is lost. Well,

¹ The meetings of the Conference were held in the famous "Gold Room" of the Congress Hotel, a very beautifully designed and decorated assembly room.

make labor an investment, pay it interest in the shape of wages, and then give it the investor's hope of further profits to be gained only by giving more service, better service and cheaper service, and you have got labor and the public working in harmony to accomplish the same end for their mutual benefit and profit. (Applause.) How will that be done? The answer is in the Plumb Plan.

Increasing Wages Does Not Solve The Problem

Now I want to take up some industrial conditions: Labor organizations were formed in the first instance for the purpose of protecting their members—the interests of their members, as producers alone, and naturally they thought the way to do that was by increasing wages, thereby getting a larger share of the profits of industry. That was a perfectly natural thing to do in the beginning of the labor movement, but the success of the labor movement and its extension to all industries, until now it embraces practically all men engaged in production, has absolutely defeated the further accomplishment of that end. Very briefly let me illustrate: I will assume that the shoemakers, an old industry, had completely organized, until the manufacturers of shoes controlled the market and made all the shoes society needed; then the employes organized a shoemaker's union; they wanted more money and asked their employers for an increase of 25 per cent; the employer said, "All right, you can have it," and turning to the bookkeeper, said, "Put more money in the envelope on Saturday night;" and then immediately turned to the sales manager and said, "Mark up the price of shoes 25 per cent." That was a good thing for the shoemakers because they only buy a few pairs of shoes; and they buy a great deal of everything else, and the public paid the increase when it bought shoes. The success of that movement the very next day induced the garment makers to organize; they did so, and asked for an increase and got it. Clothes went up 25 per cent, so that the makers of garments pay a little of this increase, but the public pays the rest, and both of those organizations are away ahead; they are successful. The packing house employes got interested and organized and got an increase of about 25 per cent. The shoemakers and the garment makers and the packing house employes now are taking a portion of the public burden. So it went on clear around the scale of organized labor, until there were 124 international organizations that had obtained increases; all had the price of their products marked up and the public are paying the bills. But when you get 124 labor organizations in the circle there are very few of the public left out, and those organizations are paying the bills. The public help out a little, but not enough to pay the profits which are exacted on the organized labor increase. We now have

all kinds of men engaged in production organized. They have increased their wages, the price of everything has gone up. But the poor railroad man doesn't make anything, he just distributes, and everything that he buys has gone up. He was in bad shape; so through his organization he asked for an increase, and he got it. The cost of transportation goes up enough to cover that increase, and before he got home at night with his pay envelope the price of every commodity, whether it was shipped or not, went up five times the amount of his increase. (Applause.) Mr. Hines and Mr. Wooley have made this statement, that the cost of transportation is multiplied by five before the commodity gets into the hands of the consumer. Well, when the railroad men did this, and in one day that increased cost of living was placed on the shoulders of the other 123 organizations and the balance of the public, the public and the 123 got sore, and they had a little conference, that is the 123, and the railroad men were called in and this is practically what occurred—of course it took weeks to do it. They said, "Here it has taken 10 years to get this increase, but the railroad men got an increase and in one day spilled the whole pot of beans; we have to do something else; we are 50 points behind on the cost of living up in New York." The railroad men got an increase of 37 per cent. The other fellows said it took 10 years to gain their increases. They said, "Now let us make one big jump together and get the 50 points increase for everybody, and then we will catch up with this high cost of living and have it nailed down." Well, one of the leaders—I am not going to call any names, but you can see him,¹—said, "Hold on, wait a minute; we have got a 25 and a 37 per cent increase; we are 50 points behind the game; now if we attempt to get 50 points increase how far will we be behind the game when we get it? Why, if we keep on raising our wages, we will be paying somebody for the privilege of working for them. There is something wrong in our industrial system and I think I know what it is." And he went to the President of the United States and said, "Increases in wages do not help us; we have to reduce the cost of living," and he said to his men, "Here is the trouble. We have been protecting our interest as producers; every advantage we have gained has been added to the products we make or service we render, with a profit upon that advantage; now we have got in our circle all of the men engaged in production. Well, all producers are consumers; the moment any producer ceases to consume for a week you bury him, and by the time a consumer has ceased producing for six months he falls over because he has liver complaint; he doesn't get any exercise. But we are all producers and we are all consumers. Now the men who produce are

¹ Warren S. Stone, Grand Chief of the Brotherhood of Locomotive Engineers, was sitting on the platform.

90 per cent of the population; so whatever advantage we have gained for ourselves as producers we pay to ourselves as consumers with a large profit upon that increase, and that profit goes to the man who furnishes tools, equipment and machinery. Now we have to turn over a new leaf, we must protect our interests as consumers as well as producers, and how can it be done? The answer is in the Plumb Plan."

Labor, Management and Public Equal in Control

There is one other industrial condition that I want to make reference to. We have these three interests—the public, capital and labor. I say these three interests are equal in importance, to any such industry, because if you withdraw one of them the other two cannot function. If there is no need of society for service there cannot be an investment of capital nor employment of labor. If there is no capital to furnish tools, equipment and materials, society goes unsupplied, labor unemployed, and if there be no labor capital gets no return and society no service. Any one of these three being withdrawn the industry ceases to exist; therefore they are equal in importance, and if equal in importance they must be equal in authority, because where one interest exceeds the other two in authority it uses that authority for its benefit and to the oppression of the other two, and if two exceed one it means the extinction of that one and the destruction of the industry. So now how can we devise a plan that makes the labor an investment—that secures increased earning power, without having that increase reflected in the increased cost of service, and give to each of the three interests that authority which is necessary to protect those interests?

Capital a Passive Element—Get The Financiers Out of Politics

Now there is one other distinct fact that I know that some of the analytical minds here will take me up on later. The need of society is an active human interest, never satisfied, always present. The value of capital is passive, for when the capitalist has given us his money for use he may move to Hong Kong and his absence or his presence does not affect the industry one particle. We have holders today of 11 billions of railroad bonds, who participate in no way whatsoever in the operation of the industry. They might be living in Europe or South Africa and the industry would not be affected one particle. That is a passive element—a passive interest. Labor—the creative interest, like the need of society, is constantly renewed every day, performing every day—an active, human interest. You have two active interests and one passive. Now if two active interests guarantee the protection of that passive interest, why then there are only the analytical minds here will take me up on later—the need of

two remaining elements to be considered in the operation of the industry, having met the requirements of the guarantee to the passive interests. Now how can we do that? The answer will come in a moment in the Plumb Plan.

Now the facts as to railroads, that requires some little legal definition. We have considered railroads as private property subject to a public use. Doubtless there are some lawyers who will recognize that language. Long ago a Judge wrote that into an opinion and he did not know what he meant, and no two lawyers since that day have been able to agree as to what he meant.

One thing about lawyers—I am one of them, I will admit—you know no matter what the case may be there is always a lawyer on one side who says, “The law is thus and so,” and a lawyer on the other side who says, “The law is so and thus.” (Laughter.) No matter what the cause may be, I could retain half the lawyers in the United States on one side and then retain the other half on the other side. Well, divide your lawyers up that way and never more than half of them can be right and always half of them are wrong. That is why we have so much trouble with our laws. In the old days the people used to make the laws and the people wrote the constitution and they used language so simple that they knew what they meant most of the time; sometimes they did not. Then we hired lawyers to tell them what they meant, but that became so expensive that finally we said, “Oh, well, just let the lawyers make the laws,” and we sent them to Congress. Two-thirds of Congress are now lawyers, Now since the lawyers have been making the laws nobody knows what they mean, not even the lawyers. (Laughter.) But we have some mighty good laws that the people made, and it is law today and will be law forever, because it is fundamentally just. There are some principles of that law which no lawyers dispute, because if they do they prove they are not lawyers.

Railroads are public highways; the people wrote it in the constitution. The Supreme Court said it in the first case when the issue arose, and it said it needed no decision of the courts to make them such, for they are public highways in the nature of things. Well, we know what a public highway is; we know what Michigan boulevard is, and we know that a railroad is vastly different from that kind of a highway. Well, the Supreme Court thought of that difference too. It occurred to them. And they said the only difference between a railroad as a public highway and a common road is in the manner of its use. A railroad may be used only in the manner permitted by law, whereas a public road may be used in any manner not forbidden by law. (Laughter.) Now that is all the distinction there is, and the Supreme Court has said it. Well, if you are going to use a railroad in a manner permitted by law, why you have to pay to ride on the cars; you cannot walk

upon it or push a wheelbarrow upon it; you have to get in the cars and ride and pay for the passage, and if you are going to ship goods on it you can put the goods in the cars and pay the freight; you cannot drive your wagons down on the railroad track with two bales of hay and use it for that kind of a highway. Payment for transportation is required by law. How much payment? And the Supreme Court of Illinois says, "Enough payment to protect the integrity of the actual investment and give a fair return upon that investment," and that is the interpretation which it makes of our constitution, which the Supreme Court of the United States must adopt when it construes that constitution, and nearly all the other states have adopted that constitution, and the rest have written it in their statutes, and it is common law. There is no corporation that can issue its securities for any amount in excess of the value of the money, property or labor paid in for the issuance of the security. If they do more than that it is void and forbidden; so there is the law.

"Instituted For The Common Good"

That means that there cannot be any private interests in railroads except the interests which the state has granted, and the state has merely granted the right to protect the investment and get a fair return upon it. How have those laws been observed? Well, railroads usually think that a good law is one made for the purpose of breaking, and most of the great legal reputations have been obtained and paid for because they showed the railroads how to break the laws without personal responsibility, yet to become a lawyer we are sworn to support the constitution of the state and the United States, and more fees have been paid for illegal services to bust the constitution to flinders than have been paid for all the other legal services put together. (Laughter and applause.) I used to belong to that class myself, but when I was retained by Governor Dunne to fight the city's battle against the street railway companies I saw a new light, and I have never since that day advised any client or any corporation as to how they could break the law. There is some other good law. I want to read you this. "No man, corporation or association of men has any other title to obtain distinct, direct and exclusive privileges, distinct from those of the community, than what arises from the consideration of services rendered to the public."

Here is another one, "Government is instituted for the common good, for the protection, safety, prosperity and happiness of the people." That is now construed so it reads, "For the protection, safety, prosperity and happiness of property,"—but reading it as it was written "and not for the profit, honor or private interests of any one man, family or class of men." This was written by John Adams, President of the United States, in the good old days

when he expressed what government stood for, and is taken from the constitution of the State of Massachusetts, written by John Adams, and adopted in 1780. It is the best explanation I have been able to find of the ideals of the men who founded America, who wrote our Constitution, our Declaration of Independence and the Proclamation of Liberty. That is what America was; is it that today? You have doubtless read in the press that I threatened Congress with revolution if this plan was not adopted. Let me tell you what revolution is. When a government erected by people for certain high ideals is turned from those ideals to the protection of interests which those who erected the government denied to be within the purposes of that government, revolution is accomplished, (applause) and we who now seek to turn the wheel of state back until it points to the polar star that directed it at the beginning of its voyage are called Bolsheviks.

How Much Shall We Pay?—A Fair, Legal Valuation

Now let us take up the Plumb Plan. We provide for the extinction of the outstanding private interests in our public highways—those interests which have been granted by the state to private individuals, and we ask the courts to determine the amount of compensation to be paid for the extinction of those privileges. We are the only people who dare leave that question to the courts, for those who are on the other side, the proponents of the Esch bill and the Cummins bill, and the 17 other unnamed members of that brood, do not dare to leave that question to the courts. They demand a new grant of privileges which they have never possessed, the grant of the right to earn 6 per cent on the property investment accounts. You know what that property investment accounts is; it sounds pretty. It is a fictitious book-keeping entry made to balance the par value of the securities issued and outstanding, plus expenditures made out of surplus, not already capitalized. That means \$20,000,000,000. Six per cent on that means \$1,200,000,000 a year, and they ask us to grant them that right. Well, I have been a railroad lawyer and I never went to the Legislature and asked them to grant me a right I already possessed. If I had a right I went into the court and enforced it, and if I did not have the right I went to the city council or some other legislative body and asked them to give it to me, and when I asked them to give it to me I confessed I did not have it. When they ask Congress to grant them this right, that is an open confession that they are asking for something they did not possess, and it is a frank admission that our theory is correct. Now we are going to have the courts fix the compensation; we then direct the Treasurer of the United States to issue government bonds in such amounts and at such rates of interest as will provide the compensation necessary to be paid. Somebody

is going to say that the government cannot do that; cannot issue new bonds, without raising a ruction in the stock market. That might be true if the bonds that were issued added anything to the existing investment, but it does not. It merely takes the place of an existing investment of equal value. You do not increase the indebtedness of the country when you exchange one bond for another and that is all this is. You do not increase the actual investment one cent. You merely replace one volume of securities by an equal volume of government securities of equal value.

Now we have gotten back the property so that the title rests in the people of the United States. The use, fee and possession all belong to us just as they did before we granted the private interests. We have also transformed these security holders, the private security holders, into holders of government securities. They have a fixed value with a fixed return, and a status that cannot be changed. That gets the financiers out of politics; it is the only way you can ever get them out. When the Legislature has no power left to grant a privilege to financiers, that enhances the value of their possessions, then they do not care who goes to Congress, if they cannot get anything out of it; what is the use of sending men there? (Laughter.) Well, that is a good thing for the investor, and it protects the integrity of our representatives just as much as it protects the integrity of their investment, and it is a good thing for us.

Now there is another thing, the man who has his investment guaranteed, who holds a mortgage on an industry, does not care how the industry is run; he is wholly indifferent as to whether it is a success or a failure. We do not want indifferent managers. By the way, Mr. Maurer¹ spoke last night on conditions in Pennsylvania, and the Pennsylvania Railroad Company, I think that is an illustration of this point. The Pennsylvania Railroad Company is the greatest railroad, the best officered and the most efficiently managed of any railroad in the world, so its directors tell us. Before the government guaranteed its returns its officials earned every year from \$70,000,000 to \$80,000,000 surplus. The government guaranteed its returns, and they did not care whether they had a surplus or not; they appeared rather to prefer not to have it. Well, they did not get it. The same men, the same railroad. the same traffic, the same management, with rates increased 25 per cent to cover the increased wages and materials—the same efficient management, earned—and Mr. Maurer told you how they earned it—a deficit of \$77,000,000 in the same year—equally efficient they produced a deficit or a surplus, either one. That is not the kind of management we want.

A System That Saps Our Moral Fiber

¹ James Maurer, President of the Pennsylvania State Federation of Labor.

There is another reason why we want men with financial interests out of management. I found in the basement of the Interstate Commerce Commission a great chest full of documents. I copied all of them; I have got them in my files. The Interstate Commerce Commission sent out in 1913 a questionnaire requiring every railroad company to make a sworn statement giving the names of its officers and directors who were beneficially interested in the concerns through whom the railroad expended its money. I made a chart of the B. & O., not because I did not like the B. & O.—it is as good as any of them, and about as bad,—I made a chart. In the left hand column I put the name of the officers and directors who were beneficially interested in the concerns through which the B. & O. spent its money. In the next column the names of the concerns through which these officers spent the money of the B. & O., and in the next column the various transactions between the B. & O. and the concerns through which it spends its money that its officers are interested in. The president of the B. & O., and the purchasing agent do not appear in the list. The directors are interested in these concerns and the agent is appointed by the directors. The president holds his position by favor of the directors. Now the B. & O. purchases millions of dollars of supplies every year, from locomotives to lead pencils, from bridges to bricks, and from the construction of tunnels to the laying of a little sidewalk around a way station in West Virginia. Those moneys were expended through concerns in which its officials were beneficially interested. I made that statement in Baltimore where the B. & O. lives. Many of the officials were present and the vice-president arose in the back of the room and challenged my statement of facts. "Why," I stated, "I do not know anything about the facts, I have just quoted a sworn statement you made to the Interstate Commerce Commission, and I do not know whether you were telling the truth or joking." Well, he did not challenge my facts any more, but he raised his arm and he clinched his fist and said "Mr. Plumb, I do not care what statement you find or what charts you make, you cannot make crooks of the officials of the B. & O." Well, I agreed with him. (Laughter.) There is nothing I can do that will make crooks out of those men, but I said to him, "Any system which permits a man placed in a position of trust to spend trust funds so that he benefits by those expenditures will make a crook out of any man in time, and if he be a city official or a state official, the law makes it a crime; he is just as much a public official if he is spending the public money paid for railroad service." That system has wrecked the New Haven; it has wrecked the Rock Island; it wrecked the Alton and it has wrecked every railroad that has gone down through the receiver's courts—I was going to say to

an early grave, but we cannot bury a corporation,—but they always leave their mourners behind.

There is a higher law than that that forbids it. No man can serve two masters, and where your treasure is, your heart is also. Take Mr. Wood of the B. & O., he is interested in 13 of the largest concerns through which the B. & O. spends its money. Let me know what interest he has in those concerns and what returns he receives from them, and then what interest he has in the B. & O., and what returns he received from the B. & O., and I will tell you where his treasure is. You can guess where his heart is. That system has done more to corrupt the moral integrity of the American people than anything in our industrial world. We have grown to respect and admire the men and the fortunes built on that kind of iniquity and if we respect and admire them, can we blame them for doing the things that we permit? The time has come for a moral awakening and for the end of a system that saps our moral fiber. (Applause.)

Well, in our plan we provide that if any railway official or government employe or anybody else connected with the operation of railways shall receive any consideration, direct or indirect, out of the operation of the railways in excess of his legal compensation, upon conviction he shall be fined twenty times the value of the consideration received and imprisoned for from one to twenty years; the term of the imprisonment is to be fixed by the jury, and I think that will keep them out of temptation. The best part of the Lord's Prayer is "Lead us not into temptation," and Wall Street has forgotten the Lord's Prayer. It has enmeshed the feet of its servants with temptation not to be overcome. Too great temptation destroys a people; let us cast them out and reenact the Lord's Prayer in the Plumb Plan.

Now then we have the railroads and we have got these men out of the management and out of politics. We provide for operation in a way that keeps operation also out of politics. Of course it is out of the finances, because the financing is provided for. How may it be done? First, what is management? Why, management is that body of men upon whom we impose authority and of whom we demand responsibility. That is management. So we provide for it in this manner, we create a corporation for service, not for profit, and immediately Wall Street says, "Oh, you cannot trust a great business to corporations that do not have financial responsibility. We have done that for 80 years. How do you like the financial responsibility of corporations we have been entrusting it to? They say they will all go bankrupt if we did not give them \$8,000,000,000; but I think we have had enough of that. Besides, we have never dared to entrust to agencies for profit the greatest function of any people, the education of our youth. We

have always insisted that that function be performed by agencies for service alone. Cannot we succeed as well with transportation? So we create this corporation. It has a board of directors on which the public, the management and labor have equal representation. Thus all three interests concerned in transportation are represented in the board of control; the public which demands transportation, labor which creates transportation, and the men who are responsible for transportation. We provide that the president shall appoint one-third, labor shall appoint one-third, and the officials of the railways appoint one-third. Now you say those officials represent capital. I say they do not; they represent management, which is responsible only to the public and to those who serve. You cannot hold them responsible unless they have an authority equal to that of the interests to which they are responsible; so we give them one-third, the public one-third, and labor one-third.

Transportation At Cost

There are many other details of the plan. We provide for extensions by a system of special assessments to be paid by taxes assessed against the property benefitted. We provide for a sinking fund to retire the outstanding bonds within a fixed period. But the great thing is in operation. We provide for service at cost, always at cost. How is that done? We provide that the Interstate Commerce Commission shall fix rates. It takes last year's budget and it finds exactly the volume of traffic which passed over the roads and what was charged for it and what was received. It knows how much was expended for labor. So much for labor, so much for materials and so much for maintenance, so much for a sinking fund, if they want a reserve fund they will make an allowance for that. There is the cost and we apply to the volume of traffic such rate as will produce that budget. There is your service at cost. Then we say to the operating corporation, if through greater economy and efficient management you can reduce the cost, one-half of the saving you effect shall be payable as a dividend upon your investment of your human effort and the other half of that saving belongs to the public, and next year shall be deducted from the budget and the rate adjusted so that the service costs so much less. Now there is the soul of the entire proposition. Under any profit-sharing scheme profit is added to cost, increases prices, and is paid by the consumer. This is not a "profit-sharing" scheme; it is a "saving sharing" scheme, and labor increases its reward only as it can produce an equal reduction in cost for those who consume the service.

Towards Democracy And The More Abundant Life

Now you see what we have done; we have established a con-

stantly descending scale in the cost of living with a corresponding ascending power to live. We divide equally and automatically between the men who create the things we need and the men who need the things they create. We have automatically and equitably divided between producer and consumer the increased productivity of human labor. We have then production and consumption marching hand in hand in our labor service. The needs of society and the power of society to consume expand as labor produces more. We get the consumers interested and the producers interested equally, and we have solved the problem that was put by that labor leader to the president—"How can we reduce the cost of living and increase the earning power without increasing the cost of living"?

Under this system we can within five years reduce the cost of transportation as much as it was advanced during the war, from 25 to 30 per cent. If we reduce it 25 per cent we save the American people one and a quarter billion dollars per year. Multiply that by five and you get what it reduces in the cost of living, five billion dollars a year—\$52 per capita—\$250 per family, saving in the cost of living through transportation alone.

We did not have any economic theories; we did not have any fine social ideas when we began this plan. We merely sought to find out what principles were involved and to do justice to those principles. We have got religion now—I say it reverently—we have got religion. We find there is not a thing in this plan but practical application of the golden rule to the affairs of every day life. We have discovered that the old idea of competition—taking something from somebody else to benefit yourself at his expense—for that is competition—and competition begets privilege—destroys democracy. (Applause.) We restore the benefits of the constitution; we guarantee to every individual the enjoyment of what he produces, but not at the expense of society. We bring back the faith of the forefathers. We make real the hope of ourselves and we secure the peace and prosperity of those who follow us. I thank you. (Prolonged applause.)

PUBLIC OWNERSHIP AND OPERATION OF RAILWAYS--WHY OTHER PLANS CAN NOT SOLVE THE PROBLEM

**By Lawrence B. Finn
Chairman Kentucky State Railway Commission**

Transportation by rail involves economic, industrial, as well as social problems, and any substantial solution must provide for these three phases of the subject, each of which stands equal in importance.

It is impossible to determine the elements essential to solve transportation problems unless the functions of transportation companies are defined. This is simplified by visualizing transportation as a governmental service. As transportation is a governmental service, it must be characterized by those economic, industrial and social elements necessarily incident to governmental enterprises.

Economically a governmental enterprise can not be operated for profit. Industrially a governmental enterprise must exist without cessation. Socially a governmental enterprise must be conducted by officials who are servants of the body politic, knowing no class and belonging to no class of society.

A Successfully Operated Railroad

A successfully operated highway must produce four results; reasonable rates, adequate facilities, adequate services and without discrimination. Private industries are operated primarily for maximum profits, while governmental enterprises are operated primarily for service. Therefore, under private operation for speculative maximum profits the natural policy is to defeat the very purposes for which railroads are created and maintained.

Operating for a maximum profit is essentially antagonistic to reasonable rates. Reasonable rates produce only reasonable profits and the object of private business is to secure maximum profits. Operating for a maximum profit is antagonistic to adequate services, for services which secure the maximum profits are only considered by private enterprises, and services adequate to meet the needs of the public frequently do not produce the maximum profits. Operating for a maximum profit is antagonistic to adequate facilities. Facilities which produce the maximum profit with the minimum expense are the only elements considered by a private industry, and adequate facilities sufficient to serve the public requirements frequently do not produce maximum profits.

Discrimination in rates is an essential evil incident to privately owned transportation companies, for by rate adjustments carriers provide long hauls for the raw material to the manufacturing plant and establish markets for the manufactured product far distant from the place of production. Such policies prohibit the manufacture of the raw material at the place of production, and subject nearby markets to excessive and discriminative rates. The plan produces large profits for private corporations engaged in transportation, but it necessarily establishes excessive and discriminating rates in many localities.

The Logic of Regulation Embraces Government Ownership

However, the advocates of private ownership insist that these natural tendencies of privately owned railroad companies can be effectively restrained by strict governmental regulation. The fact that the present chaotic transportation conditions, from which the nation is demanding relief, exists after thirty years experience in governmental regulation makes no impression on them. The additional regulatory methods proposed, however, inevitably embrace government ownership and operation as a necessary sequence.

They agree that strict governmental regulation is absolutely essential to require railroad companies to give the public reasonable rates, adequate services and facilities and without discrimination. They now agree that the issue of stocks and bonds must be authorized by the government. If the issue of stocks and bonds must be authorized by the government, it necessarily follows that the government must supervise the expenditure of the money received though the sale of the stocks and bonds. Now, if the government regulates the rates, rules, practices and services of common carriers and prescribes the amount and conditions under which its stocks and bonds may be sold and how these sums should be expended, then it is the duty of the government to guarantee certain and fixed returns to capital invested in transportation: **AND THIS IS GOVERNMENT OWNERSHIP.**

The Failure of The Present Railroad Administration

But, advocates of private ownership declare that while theoretically government ownership and operation of the railroads is idealistic, yet as a practical problem the plan is unthinkable. Whereupon they cite the present unsatisfactory results of operating railroads, which they allege is characteristic of government ownership and operation, and which has resulted in high freight rates, inadequate services, inadequate facilities, intensified discriminations and an unprecedented increase in expenditures.

It must be admitted that the strongest factors in creating pub-

lic sentiment against public ownership and operation of railroads are the unsatisfactory results obtained under the present plan, which was advertised in the very beginning by the advocates of private ownership as a test of government ownership and operation.

We must remember, however, that the same experienced railroad men who operated the roads under the present plan, operated them under private ownership and will operate them when the railroads are returned to private ownership. I must dispel, however, any suspicion that I do not trust the honesty or the integrity of the railroad men who have controlled the operations of the railroads during so called government operation. While I have faith in their integrity, I firmly believe that these gentlemen are human beings, having characteristics common to all mankind, and that they are no more capable of serving two masters at the same time with equal fidelity, or resisting temptations that are overwhelming than any other class of citizens.

I shall neither deny the evils of the present plan nor defend them. I will show, however, that a strong incentive existed upon the part of those who operated the carriers, and who at the same time desire private ownership of railroads, to create the very conditions complained of.

An Axiom

Before citing these facts, however, I wish to state that it is axiomatic that the conditions complained of would either have existed under private operation or else they would not. If they would have existed under private operation it is the duty of railroad representatives and the organs which they control to defend the present method of operation, by not only admitting, but by advertising the fact that all the evils that have happened would have happened under private operation, in which event the facts cited signify nothing. However, organs friendly to railroad interests cite the high freight rates, the inefficiency in service, and the extravagance in operation under the present plan as conclusive arguments against government ownership and operation.

Now, if these evils would not have existed under private operations, then the railroad men charged with the operation of the carriers have wilfully allowed these evils to exist.

The conclusion is inevitable, therefore, that if there is a private organization within the government with influences and resources so powerful that it can in times of a national crisis marshal its forces, assume the role of the government and commit depredations upon the public that would not be tolerated if the facts were known, such an organization ought to be and must be destroyed.

Letter To Judge Prouty

At the very outset it seemed apparent to me that the present method of operation must prove a failure and to this effect upon May 22nd, 1918, I addressed a letter to Judge Charles A. Prouty, Director of the Division of Valuation of Railroads for the Interstate Commerce Commission, extracts from which are as follows:

"While an emergency in transportation existed, not all of us, I am sure, would agree as to the real cause of the emergency."

"The plan to meet it is to guarantee capital invested in transportation companies a fixed return upon its investment, regardless of the net revenues received, and at the same time leave much of the actual operation of the common carriers in the hands of the organization that owns the roads, under conditions that do not inspire economy and efficiency in operation."

"The organized interests of the country will not permit the present plan to be anything other than a comparison between private ownership and government ownership. Confirming this statement, I quote a paragraph appearing in all the newspapers of the country, commenting upon the proposed 25 per cent increase in rates contemplated by the government:

"Such an increase as is proposed will be the biggest in the history of American Railways, as the per cent is larger than any ever sought by railways under private management.'"

"Thus, the issue between private management and government ownership is clearly drawn, and the press of the country, organized for the campaign against government ownership, will continue to compare the present plan of operation to private ownership; and wherever inconvenience to the public, inadequate services and facilities and delay in shipments result under the present plan of operation, the public's attention will be called to the fact; and it will be noted that these conditions prevail under government operation and not under private management."

The Saturday Evening Post

Now, I scarcely anticipated being able to present such positive proof of the fulfillment of this prophecy as is afforded in an article entitled, "Uncle Sam, Railroader", written by Edward Hungerford, and published in the Saturday Evening Post of December 28th, 1918. I quote an extract from this article because it is typical of innumerable statements appearing in the newspapers and magazines of the country.

"A shipper who had lost six carloads of freight in transit between Cincinnati and Dayton, went into the general office of the United States Railroad Administration, at Washington, on a muggy day in September last and asked if something could not be done toward the immediate tracing of his lost cars. He

felt that the men in charge at headquarters would be justified in using the telegraph or other emergency provisions toward helping locate his freight. But the men at headquarters had no intention of doing anything of that sort. They told the shipper so politely, but firmly; 'Don't you understand how it is?' said one of these officers. "The government now is running the railroads. It is like the post office. If you drop a letter in the post box the Government assumes no personal responsibility for the safe or prompt transmission of that letter. It gets through, of course. But if it should happen to be delayed the government has no method of hurrying it through. With railroads it is now the same thing."

A Planned Program

Aside from this statement containing an unjust accusation against the postal department, whose prompt delivery of the mails must depend largely upon private carriers, or the present railroad organization, this statement exposes a type of bureaucrats who have so effectively disgusted the public with government operation that a planned program to accomplish the purpose need not have changed the methods employed.

I shall burden you with further extracts from my letter to Judge Prouty, primarily that you may know that all the evils incident to the present plan should have been reasonably anticipated.

"If the present plan results in reasonable rates, adequate facilities and prompt services, government ownership after the war is inevitable. If the present plan results in increased rates, inadequate facilities and delayed shipments, these public burdens can be presented as reasons for the return of the carriers to private management."

'Even under efficient management it is impossible to prevent mistakes, which shows the difficulty of proving a fixed policy upon the part of those who are charged with the duty of operating carriers to prevent them from being efficiently and economically operated.'

Practice Anticipated

"I will give you one illustration of what could be done, however, there are numerous others.

'Suppose the distance between two terminals can be traversed under normal conditions in sixteen hours. But suppose the engine is loaded beyond its rated capacity, so that the tonnage carried prevents it from quite reaching the terminal in sixteen hours. This necessitates the employment of two train crews. The latter crew receiving pay for eight hours, when only employed possibly for two. It overtaxes the capacity of the engine, lessens its life,

and necessitates enormous repairs. The public seeing this performance might applaud the efficiency of the plan of operation, but the experienced railroad man would know that the policy would increase wages; increase the cost of repairs, and unnecessarily shorten the life of the engine; and too, the circumstance could be used to show the folly of the government restricting railroads to a sixteen hour limit for employes'."

In this connection I shall read you two orders received by train crews, copied from "The World" of October, 1918, published in San Antonio, Texas. One train crew received this message:

"Go ahead, violate the sixteen hour law; get an engine at——."

Another read as follows:

"Do not violate your sixteen hour law, if necessary kill engine and leave your train unprotected."

One order advocated violating the sixteen hour law. The other advocated keeping it; but under such circumstances as would endanger the lives of the employes and the public.

Letter To President Wilson

So thorough were my convictions that it was impossible to secure a successful operation of the railroads under the present method, I wrote to President Wilson on June the 8th, 1918. The following is an extract from this letter:

"Those who operated the carriers under private ownership operate them under the present method and unless the law is modified, will operate them twenty-one months after the war. The best results cannot be obtained when those who control the result have a divided interest in the success of the undertaking. If the present method of operation is successful those who made it a success will be defeated in their purpose to have transportation companies privately operated and controlled. For it is generally agreed that the present method is a test between private and public ownership; and already, Mr. President, the present method of operation is winning many converts back to private operation and control. If the carriers are returned to private ownership they will inherit whatever exorbitant rates prevail under government operation. If they are purchased by the government, operating income, as a result of exorbitant rates will be an element in inflating values of the stocks of the railroad companies."

"The very ones who for years have been restrained by Congress, courts and commissions from adopting certain railroad policies injurious to the public are now, by the authority of the government, issuing orders establishing those policies and as paradoxical as it may seem, the evils suffered and about to be suffered as a result of these policies are being cited to an

unsuspecting public, (and especially by those friendly to private ownership), as convincing arguments against government ownership or operation."

Conflicting Claims of Advocates of Private Ownership

Here let me observe that it affords an amusing study of mixed logic and facts to analyze the conflicting statements of the friends and representatives of private ownership when discussing the merits and demerits of the present so-called railroad administration.

First, they allege that the federal government was forced to do just those things that the carriers wanted to do under private ownership but were restrained from doing by state and federal laws.

Second, forgetting, apparently, that the railroads are being operated under the very policies which they advocated, they then exhaust their powers of expression in denouncing the unsatisfactory results obtained under federal operation.

A Prediction

Let me make this further prediction that the very newspapers and magazines which have been denouncing so-called federal operation and control on account of the "burdensome rates" imposed "by the government" will, when the carriers are returned to private ownership, be filled with editorials and propaganda justifying a continuation of the very rates which they have been criticizing and condemning.

The best authority on human nature said that no man can serve two masters. If it is impossible for one to serve both God and mammon, it would appear equally as difficult to serve both mammon and the government.

You have heard railroad officials observe that the morale of subordinate railroad employees has been destroyed, but that it will return under private ownership. That is to say; faithfulness characterizes employees under masters they do not want, but employees are unfaithful to masters with whom they are pleased.

Now, it may be true that the morale of subordinate railroad employees has been destroyed, but it seems apparent that the present method of operation was more calculated to destroy the morals of government railroad officials who desire government ownership than it was to destroy the morale of subordinate railroad employees who favor government ownership. Shall we hope for morale in the servant in the absence of morals in the master?

Necessity of Failure Illustrated

Suppose one should tell a farmer, who is anxious to keep his plantation, that it was to be taken from him for twelve months,

but that during that period he would be allowed to operate it; that he had operated it in the past, but if he operated it for the twelve months better than he had operated it for himself it would be taken from him permanently. What would the result of his operation be? But if one should actually purchase the farm at the price for which he had been offering it for sale (the stocks and bonds of railroad companies are advertised for sale from day to day) and should say to the owner: "You know the needs of this farm, how its fields should be cultivated. You are the best man, in my judgement, to run it; I shall employ you for twelve months and if you get as good or better results for the twelve months than you did for yourself, I should like to continue our working agreement; but if you don't, I shall be compelled to look for another tenant. Under such circumstances you might expect the best efforts of the tenant, but under the former arrangements a failure might be expected. For success can only be obtained when the heart is in full partnership with the head and the hands.

In order for the public to be thoroughly cognizant of the failure of the present method of operation it was necessary for organs favoring private ownership to advertise the extravagance and inefficiency of the railroad administration, composed of the very men who had formerly operated the railroads and who will operate them when returned to private management.

Failures Advertised

The Bureau of Railway News and Statistics, favoring private ownership, contains this item:

"American shippers paid 9.28 mills per freight ton mile in August, 1917, an advance of nearly thirty per cent. In September, 1918, operating expenses of the railways absorbed 75.95 per cent of operating revenues against only 68.37 per cent for the same month in 1917, and the American public paid nearly \$650,000,000.00 more for inferior service during the nine months to September 30th, 1918, than it did during the same period in 1917. These are the concrete results under government control as computed by the Bureau of Railway News and Statistics, from the monthly reports to the Interstate Commerce Commission and the latest report of Freight Train Operation, issued by the Federal Division of Operating statistics."

(This is copied from the Traffic World of November 30, 1918.)

Revenues Must Be Dissipated

Now, it was just as necessary to dissipate the revenues of the carriers after they were collected as it was to raise rates, for a full treasury would either necessitate a reduction of rates or be used

as an argument in favor of government ownership and operation.

President Howard Elliott of the Northern Pacific in a speech to the Commercial Club of Chicago on March 8th, 1919, stated how this was done.

"The pay roll of the Pennsylvania system," said he, "embraced nearly 40,000 more employes in December, 1918, under government operation than it did in December, 1917, under private operation." And as evidence of his opinion that this army of railroad employes was unnecessary, he stated the further fact that "the ton mileage in 1918 was less than the ton mileage in 1917."

In fact, there were 145,000 employes in December, 1918, in excess of those employed in December, 1917, when the tonnage carried in 1917 exceeded the tonnage carried in 1918.

The public has been told of the enormous wages paid railroad employees. If they received upon an average of \$200.00 a month, the payroll was increased by \$29,000,000 each month, and by \$348,000,000, for the year 1918, which sum is in excess of the difference between the net revenue actually earned by the carriers and the sum guaranteed as the standard return to be paid by the government in 1918.

Congestion of Traffic in 1916, 1917 and 1918

The Railroad Administration is generally credited with at least one achievement, and that is the relief of the congestion of traffic in 1918 that began in 1916, but an analysis of the facts refutes the claim.

It would be really interesting to know all the contributing causes creating freight congestion in 1916. In 1916 just how much of the congestion was real and how much artificially created, the public may never know; but be that as it may, the wolf actually came in 1917 and 1918. This much is known that in 1916 the carriers were preparing their case before the country to create sentiment favorable to an increase in freight rates. They were advertising far and wide real and imaginary calamities. As an evidence of this I cite an article which I wrote in June, 1917, entitled, "Why Railroads Demand Federal Incorporation." I also call attention to a statement made by a member of the Interstate Commerce Commission to a railroad representative to the effect that it was a peculiar policy for a person to advertise his insolvency and then attempt to borrow money. But when one realizes, as President Wilson observed in a message to Congress, concerning the financing of railroads that, "the same set of financiers who do the borrowing do the lending;" and that the public pays the interest charges in freight rates, the apparent absurdity of the policy of the carriers is transformed into the climax of sound business tactics. I assert that but for the activities of privately owned transportation companies, both by rail and water, that a

material part of the actual congestion in freight traffic which occurred in the latter part of 1917 and the first part of 1918 would have been eliminated.

While there were other contributing causes, one of the most potent factors in creating the actual congestion of traffic in 1917 and 1918 was the lack of ocean steamers to clear the Eastern ports. Besides the natural increase in tonnage, which the carriers were compelled to transport to the East for war industries and trans-ocean trade, during the last six months of 1917, a total of 962,000 tons of freight were transferred to the carriers by rail, because steamships engaged in Atlantic coast traffic were requisitioned by the Government under the Act of June 15th, 1917. In 1914 the President advocated a merchant marine. If the President's plan had been adopted, the government would have had three years in which to build and equip ships to care for products bound across the sea; but many steamship lines, either directly owned by or with traffic agreements with rail carriers, as well as independent steamship lines, were loathe to allow the government to interfere with the profits they were receiving or that they anticipated receiving. As a result of the defeat of the President's measure, the congestion of traffic in 1917 and 1918 was intensified and the congestion of traffic at the Eastern ports was reflected throughout the country.

In 1918 our government had added to its supply of vessels. Most of the big Eastern contractors had been fairly well supplied with raw material. The unprecedented bad weather of 1917 finally subsided in 1918. England came to our assistance. The ports were cleared up and the congestion of traffic no longer menaced the operation of the railroads. These facts being true, it is scarcely proper that the Railroad Administration should be credited with relieving the congestion of traffic in 1918 that began in 1916; but the political activities of privately owned transportation companies can be charged with having materially contributed to the 1917 and 1918 freight congestion by opposing the President in his desire to provide the country with a merchant marine in 1914.

Railroads Reap Rewards From Conditions They Create

We must always remember that an analysis of railroad problems, based upon economic or transportation conditions prevailing at any given period, may or may not furnish a basis for future deductions or conjecture.

The conscientious investigator must realize at the outset that it is within the power of those interested in the policies and plans of the carriers, due to the alliances with banks, insurance companies and industrial corporations, assisted by a well organized press and bureau of propaganda to create conditions affecting

the welfare of the nation, and then use the resulting effect as a basis for demanding coveted concessions from the public.

The Baneful Influence of Private Carriers

But the advocates of private ownership assert that the government has never done anything economically or efficiently. I assert that the baneful influence of private carriers over governmental projects and transactions constitutes one of the prime factors creating such a result.

For instance, the Canadian Government, as a railroad builder, was advertised as a failure, and its experience was cited as convincing evidence against government ownership or operation. The facts to substantiate this contention were that the Grand Trunk Railway had agreed to operate a government constructed road at a rental of 3 per cent. of the construction cost. The rental represented the interest rate for money secured by the Canadian Government to construct the road. But, the actual cost was so much in excess of the estimated cost that the Grand Trunk Railway Company refused to pay the proposed rental. The actual cost was \$98,000.00 a mile more than the original estimate. The argument was made, therefore, that notwithstanding the fact that the government could borrow its money cheaper than private individuals, yet the extravagance of government construction more than offset the cheaper interest rates.

But, it is interesting to ascertain the cause of this wasteful expenditure of the money of the Canadian government. The Trans-Continental Railway Investigating Committee made an investigation and a report. In this report the committee found:

First; that the Trans-Continental Railway Commission and the Grant Trunk Railway having charge of the construction of the railway did not consider it desirable or necessary to practice or encourage economy in the construction of this road.

Second; that without including the money which was unnecessarily expended in building the railway east of the St. Lawrence River, \$40,000,000.00 at least, was needlessly expended in the building of the road.

Thus we see an investigation discloses the fact that the very railroad company which had contracted for the lease participated in the construction of this road, and by its own hand created the very conditions of which it complained.

Railroads in Politics—The Cummins Bill

Again the advocates of private ownership claim that public ownership and operation will create a political machine which will dominate politics. It appears, however, that they do not fear railroad domination of politics when it is confined to national banks, insurance companies and holders of railroad securities.

My authority for this statement is based upon the contents of a letter, dated October 9th, 1919, issued by the National Association of the Owners of Railroad Securities. The object of the letter is to advocate the legality and the advisability of a feature of the Cummins Bill, which is to have Congress specify a minimum return on railroad securities and to direct the Interstate Commerce Commission to adjust rates which shall provide such minimum return and to appropriate any excess to roads whose returns are less than the minimum. "Such a scheme," the letter says, "has been endorsed by investors representing \$28,000,000,000.00 of the total resources of the investing institutions of the country, and approximately 85 per cent. of the funds available for the purchase of railroad securities."

Under such a plan the minimum returns for railroad securities would be a congressional and party issue every two years. If Congress should place the minimum return at a sum less than the current rate of interest for such securities at any given period, such securities could not be floated upon the market. If it should place the sum at a greater rate it would be unfair to the public who must pay the bill.

Imagine, however, the natural sequence of such a plan when the two political parties shall divide upon a minimum rate, one advocating 4 1-2 per cent. and the other 5 1-2 per cent. This one per cent. difference upon \$17,000,000,000 of railroad securities would amount to \$170,000,000 annually. The political party espousing the cause of 5 1-2 per cent. return to railroad security holders could receive from this organization \$70,000,000 as a campaign fund, and if successful its political activities would net the security holders \$135,000,000 annually.

Neither is the "individual initiative" argument urged in connection with the plan nor is it explained how railroads, privately owned, will strive by economy to secure a surplus to be paid to the stockholders of another railroad company.

Advocates of private ownership opposing government ownership for fear that railroads may dominate politics may be likened unto a man afflicted with smallpox fearing to be vaccinated lest he might contract varioloid.

Other Plans Inadequate

Time prevents a minute analysis of the various measures proposed to solve the transportation problem. But all plans, save the Plumb Plan, either omit altogether provisions for financing the carriers or else provide that privately owned corporations operating the railroads shall be assured of satisfactory returns by direct or indirect governmental guarantees; thus requiring greater returns on railroad capital than if government bonds were substituted for the stocks and bonds of privately owned railroad companies.

The United States Chamber of Commerce

But the United States Chamber of Commerce, which is advertised as representing the "sound business thought" of the nation declares: "To increase the present public debt from thirty billion dollars to fifty billion dollars in order to acquire the roads, would severely strain the credit of the nation and depress the value of Liberty and Victory Bonds held by millions of people."

I want to tell the millions of Liberty and Victory bond holders that nothing will so depress their bonds as interest rates on railroad securities or governmental guarantees in excess of the returns on Liberty and Victory bonds.

Again, I want to relieve the fevered fear of this organization that an assumption by the government of the railroad debt will strain the credit of the nation, by calling their attention to the fact that already the government has assumed the railroad debt of the nation and has been carrying it on its back during a worldwide war since December 28th, 1917.

Why Railroads Were Taken Over By The Government

That the railroads can be no longer privately financed should be manifest to any student of transportation. The very necessity which forced the government to take over the railroads should be conclusive upon this point. This requires an exposition of the reasons why the federal government took over the railroads upon December 28th, 1917.

I assert that the record clearly shows that the only purpose or necessity for so-called government operation was to stabilize railroad securities and to provide financial assistance for the carriers by means of the public treasury, and that statements to the effect that "the government was forced to operate the carriers to expedite the transportation of troops and war supplies" are untrue and unsupported by the record. True, such was the legal and technical reason, but it was not the real reason.

Interest in maintaining the value of railroad securities became acute when the federal government, in order to defray war expenses, became a great money borrower, thereby competing in the money market with the railroads. Private capital, however well organized, cannot compete with the government as a money borrower. The result was that railroad securities were declining. Insurance companies, national banks and the holders of these securities saw their assets dwindling, and the government came to their rescue by guaranteeing a fixed return on railroad securities, even in excess of the return offered to investors in government bonds.

This policy upon the part of the government to stabilize railroad securities was necessary, for railroad securities form the

basis of the nation's business credit. Insurance companies owned them, policy holders depended on their values to determine what their assets may be worth. Banks owned them; bank depositors depended upon their values to determine the solvency of the bank in which they have their deposits.

On October 1st, 1915, the outstanding interest bearing debt of the government was only \$976,000,000; on December 28th, 1917, the government had borrowed \$6,000,000,000; today, the government has borrowed more than \$25,000,000,000.

The President stated at the time that the carriers were taken over by the government:

"The financial interest of the government and the financial interest of the railroads must be brought under a common direction; the financial operations of the railroads need not then interfere with the borrowings of the government and they themselves will be conducted at a greater advantage."

"Investors," said he, "in railroad securities may rest assured that their rights and interests will be as scrupulously looked after by the government as they could be by the Directors of the several railroad systems. I shall recommend that the properties be maintained in as good repair, etc., as when turned over to the government and that the roads receive net operating income equal to the average for the three years preceding June 30th, 1917."

Thus the President realized that railroad securities had to be stabilized, not on account of the policy of the State Commissioners; not on account of freight rates; not on account of the fact that railroads were incorporated under State charters; not because railroads were not incorporated under Federal charters. None of these things, as we shall presently see, could have changed the situation. The point and only point was this: The government as a money borrower was putting the railroads out of business and rail securities were dwindling and credit based on rail securities was being demoralized.

The government in order to avert a financial disaster took over the railroads for the purpose of guaranteeing returns on rail securities. For the President said, "It would have been impossible otherwise to give the necessary financial support to the roads from the public treasury."

The Interstate Commerce Commission on December 5th, 1917, made a report to Congress urging the unification of the carriers either under private ownership or by the control of the President; but the report did not intimate that it was necessary for the purpose of "transporting troops and war material." The report dealt exclusively with the financial necessities of the carriers, urging that financial assistance should be provided from the government treasury. The report disposed of the contention that

increased rates would solve the problem by saying: "Increased charges for carriers would not bring new capital on reasonable terms in important sums."

Commissioner McChord in a separate opinion, stated that the transportation of troops and war supplies was not being neglected, but that on account of the priority of such shipments other essential enterprises had suffered.

"It is imperative," said he, "that war material be given preference in transportation, but the financial sinews of war depend in a large measure upon the successful operation of our manufacturing plants and business establishments."

The Railway War Board from time to time proclaimed their patriotic achievements in expediting the transportation of troops and war supplies.

From this record, I assert that it is inaccurate to state that the railroads were taken over by the government to expedite the transportation of troops and war supplies. The real purpose was to stabilize railroad securities and provide assistance for the carriers by means of the public treasury.

What Of The Future?

Are we not to profit by experience? It is manifest now that under private control and operation of common carriers there will be for half a century strong competition, not only between our government and the railroads as money borrowers, but also foreign governments which will float securities in unprecedented quantities at attractive rates. As a result of this competition, privately owned carriers will insist that freight rates be raised to meet the demands of railroad security holders; government interest rates must then be raised to obtain par for government bonds competing with high class railroad securities. When government rates are raised, investors in railroad securities will complain that government bonds bearing increased rates are causing a decline in railroad securities; therefore, more attractive securities for the carriers must be provided to prevent a collapse in our great transportation companies, necessitating another increase in freight rates, and so on ad infinitum.

Such a governmental policy would indeed be ideal for those whose interests are centered solely on plans to secure greater returns for organized wealth; but the policy will eventually sap the commercial life-blood out of the very vitals of private business.

The Plumb Plan

As presently advised I cannot subscribe to the Plumb Plan.

While I am personally fond of its author and believe that he has made an honest effort to solve the transportation problem, yet I further believe that his plan requires a surrender by the

government to his clients of certain rights that the public will not permit.

First. It appears to violate a necessary principle which should characterize every governmental enterprise by providing conditions anticipating speculative profits, a part of which is distributed to the members of an organization which select two-thirds of the directors which control the policies of the operating corporation.

Second. Its author describes the plan (see Part 9, Hearings before the Committee of Interstate Commerce, United States Senate, February 7th to 17th, page 1008.)

"By such a plan we would preserve all of the benefits and economies of government ownership, while rejecting the disadvantages and expenses of government ownership. We would retain all the benefits, economies and efficiencies of private ownership while rejecting the cost of competition and the cumbersome cost of duplicating private organizations."

This statement is meant to repudiate government operation and to champion government ownership of the plant. But it will be extremely difficult to persuade the public that it is necessary to purchase the physical properties of the railroad companies, which cost the public about one billion annually to maintain and allow the private operation of the government owned plant, which cost the public four billions to maintain. If there are reasons for government ownership of the physical properties, there are just four times as many reasons for government operation of the plant.

An Unjust Indictment

It is an unjust indictment against our Republic to charge that its governmental affairs must be farmed out to individual organizations who capitalize the enterprise for almost twice the actual investment; collect freight rates from the public quite sufficient to rebuild the plant out of surplus earnings; receive subsidies from the government with values almost equal to the cost of the enterprise; and to further charge that such a policy is more satisfactory, more economical, and results in greater benefits to the public than if the governmental enterprise had been publicly owned and operated.

Government Ownership of Railroads As It Relates To Capital and Labor

The higher the state of civilization the more dependent society becomes upon the instrumentalities of transportation; for intensified civilization develops a specialized economic and industrial society. Thus experts are created in the various arts and crafts, and while each skilled artisan becomes a greater benefit to society,

at the same time he becomes more dependent upon society to provide him with those necessities that his own labor cannot create. The shoe-maker, the tailor, the farmer, the miner and carpenter cannot swap work. They must trade the products of their labor in order to live. They must exchange the commodities which they manufacture. This exchange is performed through the instrumentalities of transportation.

Our civilization has so developed that transportation has become the most important economic, industrial, as well as social problem to solve, for it is so interwoven with all the other economic, industrial and social questions that the government can no more allow the wheels of transportation to stop than it can allow the government itself to cease to function.

Aside from the nature of the service performed by railroad companies their legal status differentiates them from all other kinds of industry; for private corporations engaged in transportation by rail exercise the very powers and functions of the government, and this service for the public, which could be performed by the government, has been delegated to private corporation.

But present social, industrial and economic conditions present new problems that cannot be met under private ownership and operation of the nation's highways without violating certain other principles and policies of government that must be adhered to.

The science of government has been evolved from the experiments and incidents which have marked the growth and decay of society. In solving governmental problems it is just as essential to select proven remedies to obtain a desired end as it is to secure the desired result itself; for no well established principle of government should be violated in order to eradicate other governmental ills. All social and industrial evils must be corrected in an orderly way. The established laws of the land must provide a remedy for all wrong, and the conscience of society must be free to select between that which is good and that which is bad. As the conscience of man is deadened by self-interest, economic and industrial disputes, arising between interested classes, which constitute society's greatest menace to industrial peace, must be settled by disinterested arbitrators; for it is a law of human conduct that he who refuses to submit his quarrel to a just, unbiased judge has not the support of his own conscience in the righteousness of his cause. If a cause is so unjust that it cannot be supported by the conscience of its proponents, certainly it should not be upheld or maintained by the armed power of the government.

Private Industries and Government Industries Must Be Distinguished

But, under our present methods of dealing with industrial dis-

putes, there is no distinction between the methods proposed or employed to solve economic and industrial disputes in private business and in a governmental enterprise conducted by private corporations; and so long as business both of a governmental and private nature are carried on by private corporations, the same methods of settlement must not only be employed; but an inspiration is offered to carry private industrial methods even into governmental affairs.

The Boston Police Strike

The absurdity of the application of the same method in governmental affairs as is employed in private industrial disputes was manifest when the policemen of Boston allowed themselves to be persuaded to believe that their status as policemen of the city of Boston was similar to the ordinary relationship of master and servant or employer and employees; when in fact no such relationship existed. The policeman was an arm of the government, and no arm of the government has the right to self-inflict the body politic.

The Remedy

Such methods threaten the stability of the government and cannot be tolerated. The remedy is to allow private business to be conducted by private individuals and private corporations and governmental enterprises to be conducted by the government, and to apply methods suitable to private business to settle disputes between capital and labor, and methods suitable to the public welfare to regulate the conduct of government employes and officials.

The legislative, judicial, executive and administrative functions of the government are more sacred to the general welfare than the individual rights of those who for the time being are exercising these powers of the government: from which we naturally drift to the sequence that a strictly governmental service is so sacred that it should not remain in the hands or under the control of private individuals; and it follows further that the sacredness of the trust with which the affairs of the government are impressed imposes a duty upon the government to limit its activities to undertakings that are purely governmental in their nature.

What Are Governmental Enterprises?

A knowledge of the science of government and public necessity must and will determine those enterprises that are governmental and those that are private. But I apprehend that a general rule must be laid down more accurately defining a governmental enterprise. I therefore, suggest the following: So long as competitive conditions and continual service can be maintained in enterprises either essential or non-essential the enterprise is a private indus-

try. But if the enterprise is essential and cannot be maintained without a necessary monopoly and public requirements necessitate a continuous service, the enterprise is public.

All enterprises that can be private should be private. Therefore it is the duty of the government to maintain competitive conditions in private enterprises. But if the government cannot maintain competitive conditions in an essential industry, and service without cessation is necessary, it has reached the danger zone of a governmental enterprise. But as to railroads, the very laws which create them declare that they are public highways with functions of the government, exercising the power of eminent domain.

Individual Initiative

I oppose every governmental policy calculated to destroy the individual initiative of mankind, for this is the greatest incentive of the best efforts of man's brain and brawn. I believe that it is a sacred right of man to own, acquire and use the property which he has accumulated of his own frugality and self-denial. The parable of "The talents" teaches the divine right of man to own and acquire property for his individual use, and commands him to husband his resources.

Hope, aspiration and ambition, which inspire the noblest of human efforts are all lost in an involuntary community of interest which is not based upon a public necessity. As a principle of government, however, it is as indefensible to allow the private ownership of a governmental enterprise, especially when it is a necessary monopoly, as it is to permit the government to own or engage in a private enterprise. Either policy destroys individual initiative.

Railroads Are Necessary Monopolies

That transportation by rail is a necessary monopoly all students of the question now agree, for competitive conditions in matters of transportation result in an economic waste which is not compensated by competitive conditions.

It is generally agreed if private operation of transportation companies is continued, the Sherman Anti-Trust Act must be repealed as it applies to railroads, thereby permitting a railroad monopoly.

All agree that a private monopoly is indefensible and intolerable and that it should be destroyed, but what about a necessary monopoly engaged in a governmental enterprise? If such a monopoly is necessary and if a private monopoly is indefensible, a necessary governmental monopoly must be owned and operated by the government.

Agreements Between Capital and Labor

Policies which might be applied in private industries with bene-

ficial results to capital, labor and the public might, when applied to a monopolistic governmental enterprise operated by a private corporation, result disastrously to the public. To illustrate:—A complete understanding by various competing clothing manufacturers between capital and labor, embracing a well devised profit sharing plan, would no doubt prove beneficial to capital and labor engaged in such industries and at the same time not be detrimental to the public, but a conspiracy or understanding between organized capital and organized labor engaged in transportation by rail, which is a necessary monopoly, with a profit sharing plan between organized capital and organized labor would prove a public calamity.

It is urged that the power of organized labor engaged in transportation must also be feared. How much more then should the unorganized public fear a conspiracy between these two powerful organizations; and such things have happened and in matters of transportation.

Conspiracy Between Capital and Labor

Before the railroads were potent factors in transportation steam boats had a practical monopoly in transporting heavy freight. The Mississippi River and tributary streams were filled with steam-boats. At the high tide of steam-boating the pilots formed an organization known as the Pilots' Protective Association. Through the activities of this association their wages were increased. The owners and captains were the only obstructions that lay between this association and absolute power, and as incredible as it may seem this obstruction was voluntarily withdrawn. When the pilots association announced that on September 1 st, 1861, wages would be advanced to \$500.00 per month; the captains and owners instantly put freight rates up a few cents and explained to the farmers along the river the necessity of such an advance due to the burdensome wages imposed by the pilots. It looked reasonable to the farmers to add five cents freight on a bushel of corn to meet the increase in the wages of the pilots. They overlooked the fact, however that an advance of five cents a bushel on a cargo of 40,000 sacks of corn was a great deal more than was necessary to cover the new wages. So straightway the captains and the owners got up an organization of their own and by concerted action proposed to put the wage of the captains up to \$500.00 too, and move for another advance in freight rates. At that time this policy was a novel idea, but of course an effect that had been produced once could be produced again.

Just what remedy would have been applied to correct this evil no one can conjecture, but the Civil war came on; the steam-boats were swept from the river and railroads shortly thereafter became the chief means of transportation.

Competition in Private Industries

In private industrial undertakings where competitive conditions must exist, it is to the interest of the public that friendly and co-operative conditions be maintained between capital and labor; but where a governmental enterprise, which is a necessary monopoly, is conducted by private capital the public could not tolerate the results incident to a combination between organized capital and organized labor. The conclusion is inevitable, therefore, that organized capital, organized labor and the government cannot live in permanent peace under the private ownership of railroads; for under private ownership of railroads one of two results is inevitable either organized capital and organized labor will combine; in which event the unorganized public will be ground between the upper and the nether mill-stone, or organized capital and organized labor will continue their strife, and when the dispute becomes irreconcilable it will result in organized capital refusing to pay and organized labor refusing to work. The government cannot tolerate either contingency in railroad transportation, therefore, the military power of the government must be used either to compel private capital to pay the demands of private labor or to compel private labor to work for private capital, and it is in violation of the fundamental principles of our government for the military power of the government to be used to compel either event.

A Remedy Proposed

In order to maintain the necessary competitive conditions that must prevail in private industries, managers, officials and Boards of Directors engaged in a given industry devoted to a well defined primary purpose should be prohibited from investing in a different kind of industry calculated to eliminate competitive conditions where from the nature of the business the allied industry is not essential to the success of the primary undertaking. And the government should classify all industries, for if it is wise for the government to attempt to promote competitive conditions by preventing the duplication of directors in different corporations, it displays more wisdom to destroy the incentive for the practice.

Compulsory Arbitration

The government should encourage in all private enterprises contracts between capital and labor to be made upon higher planes of justice to both so that compensation for the products of labor will be based upon the merit system; then each laborer will receive what he justly earns and will justly earn what he receives, and if in any industry labor desires to bargain collectively it should have the right to do so; but all organizations of labor desiring to bargain collectively should be incorporated; and no collective bargain-

ing should be compulsory on the part of employes unless the labor organization is incorporated, and when any labor organization violates the terms of its contracts with organized capital, then its charter should be revoked. If capital violates its contract a mandamus should lie to compel the performance of the contract and its products should be denied the right of interstate trade.

Strikes Destructive Not Constructive

At present disputes between capital and labor are destructive to each other and harmful to the public. Frequently one side or the other purposely confuses the issue and suppresses the facts; whereupon, labor inflicts pecuniary punishment upon capital by refusing to work and capital starves labor by refusing to pay. Meanwhile, the welfare of the public is made to suffer.

Through governmental experts a standard wage scale for various industries, based upon the skill of the labor and the cost and the selling price of each unit of production, could be ascertained and disputes between organized capital and organized labor should be adjusted upon a just and scientific basis; a minimum wage being established based upon the cost of certain commodities which comprise the actual necessities of life. All disputes between organized capital and organized labor should be required by law to be arbitrated.

So-called sympathetic strikes are the real weapon of organized labor; but when the government provides adequate machinery to settle, with fairness and justice, disputes between private labor and private capital, sympathetic strikes will be unnecessary, and therefore, should be unlawful.

We Must Trust The Government

Under just laws there is no place for strikes; and the government should be the criterion of justice, for if we lose faith in our government we lose faith in ourselves and all is lost.

In the legislative, executive, judicial and administrative affairs of the government no conspiracy or agreement between governmental employes to stop their work or employment should be tolerated. While each individual should always have the right to resign his present occupation and engage in some other industry, yet in an enterprise government owned and operated no individual should conspire with others to stop work and thereby hamper or hinder any department of the government. If transportation companies are owned and operated by the government we can be as much assured of a continuous transportation service as we can be assured that the government itself will not fail; but so long as transportation companies are owned or operated by private institutions or private corporations we will be ever menaced by the fear that the selfish interest of organized capital upon the one hand

or the selfish interest of organized labor on the other may result in irreconcilable disputes and stop the wheels of transportation.

Advocates of private ownership criticising the inefficiency and inadequacy of governmental undertakings must measure against such charges (admitting them to be true) the possible cessation of transportation itself as such conditions exist today in many of the greatest industries of the nation whose business skill and ability are cited in comparison with governmental inefficiency.

If governmental enterprises are hindered or destroyed by any citizen or class of citizens, it is within the legal province of the government to use all of its force and power to maintain and operate the governmental undertaking, and nothing but a revolution stronger than the government itself should thwart the purposes of the government. But it is unjust and unfair to require the government to use its military power to protect the rights of private labor or the property of private capital when either are menaced during an unsettled dispute when neither are willing to allow their quarrel to be arbitrated by a just and unbiased tribunal established by the government to settle such social and economic conditions. It seems that labor should be more interested in providing a remedy to prevent the necessity for strikes than to preserve the right to strike; for organized wealth can live without profits longer than organized labor can live without bread.

Everyone of us realizes what a very critical time this is in our nation's history. I am an optimist and have faith in the future. The social and economic fires which may burn and disturb our temporary peace will but separate the dross from the gold. This is an age that demands not only the best thought but self-sacrifice so that each man's uplift will come with the general uplift of society and not as individual success at the expense of society.

All energy must be synthesized, economic, social and spiritual; but, while the forces of nature under the control of man must be made to harmonize so that all energy shall be directed to a common purpose—the welfare of mankind—we must never forget that individual initiative must be relied upon as the sole means to effect the common purpose.

Individual freedom must be sacrificed for the benefit of society but the sacrifice must be limited to the actual necessities of society, and above all the freedom of speech, the freedom of the press and the right to peaceably assemble and present to those who are temporarily in authority, should never be abridged.

I fear the autocratic power of any minority attempting to control the majority except by the persuasive power of reason and applied principles of justice. I fear the autocracy of power itself centralized in a military government. I fear the autocracy of wealth for it would make commercial slaves of the majority. I

fear the autocracy of organized labor, for its demands would not be limited to secure justice. But, I do not fear the verdict of the majority of the people when in full possession of all the facts. But we must never forget that the tyranny of the sword is not more oppressive than the tyranny of the dollar.

AN ANALYSIS OF THE PENDING BILLS FOR THE RETURN OF THE RAILROADS TO PRIVATE OWNERSHIP AND WHAT THEY MEAN ESPECIALLY THE CUMMINS AND ESCH BILL

Address By Warren S. Stone

Grand Chief of the Order of Locomotive Engineers

MR. STONE:—Mr. Chairman, ladies and gentlemen, I wish to announce before I commence my short talk that I am not a disgruntled local politician, neither am I a candidate for any office. I want that distinctly understood to begin with. (Applause.) It is true I am the executive officer of the Brotherhood of Locomotive Engineers; it is also true I am president of the Plumb Plan League and I have no apologies to make for either.

I am not going to try to talk to you about the Plumb Plan, because Mr. Plumb himself is going to talk on that tonight, but I am going to take a few minutes of your time on something that is of vital importance to you, namely a few of the bills that have been introduced by our friends, the enemy. And in analyzing these bills I wish to say to the legal fraternity that are present that I am not an attorney; I am not a legal man at all. I simply look at it from the viewpoint of an executive of a labor organization, and these other gentlemen may not agree with my analysis at all.

Government Ownership of Railroads Not a New Thing

Before I begin the analysis I desire to say the general impression appears to be that the question of government ownership of railroads is something new. Nothing is further from the facts. There are approximately in the world today about 583,000 miles of main line railroad. Of this number 267,000 miles are in the United States of America. None of the railroads in the United States of America are government owned or state owned. So, counting out the 267,000 miles of the United States, in 27 countries we either have state or government owned 58 per cent of the

railroads of the world. So the question of government ownership of railroads is nothing new. It is already in effect in 27 countries.

Seventeen Different Bills

We all agree that the railroads can't go back to the old order of things and to the old individual roads and to the old manner of exploitation; so there have been introduced in the halls of congress 17 distinct and separate bills, each one tending to deal with the subject. The principal bills are known, first, as the Warfield plan, presented by Mr. Warfield, president of the National Association of Owners of Railway Securities. The second bill introduced was known as the Railway Executives Plan, presented by Mr. Cuyler, president of the Association of Railway Executives; the Transportation Conference Committee, known as the United States Chamber of Commerce Bill; the Amster Plan, prepared by Mr. Amster, president of the Citizens National Railroad League. This is commonly called the Lenroot Bill, because it was prepared by Mr. Lenroot of Wisconsin; and the Senate Committee Plan, presented by Senator Cummins of Iowa; and the Plumb Plan, so-called because prepared by Glenn E. Plumb for the 14 different brotherhoods. I am going to deal with only two of these bills, because it is centered down practically to the Cummins bill and the Esch bill, presented by Congressman Esch of the House, commonly known as the Esch-Pomerene bill.

The Cummins Bill

We will take up the Cummins bill or the Senate bill first. The first edition of the bill came out September 2nd. It was 75 pages in length. After thinking the matter over the Senator thought that perhaps he could improve on it and he made an amended bill, which came out October 23, and it has 96 pages. (Laughter.) He couldn't improve on it much, because it was vicious from the start, and he only made a bad matter worse. First, they provide that all expenditures for the utilization and operation of canals inland and coast-wise waterways, including boats constructed or under contract or authorized, are transferred to the United States Shipping Board, taking them away from the railroads entirely. Then they provide 10 years for the payment of any railroad indebtedness that may be owing to the government, if they so desire, at 6 per cent per annum. Next, the bill commences to get good—it is so voluminous one cannot commit it to memory. It provides, first, that any rate, fare and charge filed with the commission in accordance with the act to regulate commerce as amended, within 60 days after federal control ceases, shall become effective at the end of four months after they are so filed, with such changes and modifications as in the meantime may be ordered by the Interstate Commerce Commission. They have ready to

be submitted about 3,000 rates. (Laughter.) Now you know it is a physical impossibility for one Interstate Commerce Commission, working the ordinary day in Washington, even to discuss these 3,000 rates, let alone digest them, and if they don't get them analyzed in that time they become effective at the end of four months. That is the first joker.

Next, if from any cause any of these railroads should fall behind—and many of the small roads that are held for strategic position never should have been built—they are always behind and they are simply held to prevent invasion of territory by a competitor—it is provided:

“The Secretary of the Treasury is hereby authorized and directed to draw warrants in favor of the several carriers upon the treasury of the United States, which shall be paid out of any funds therein not otherwise appropriated, for the amount of the deficit as shown in respect to such work.”

They don't intend to have any deficits on any of these railroads. The Treasury of the United States is open to them.

Gaurantees 6 per cent on Twenty Billions

Next, on page 13, they guarantee to all these railroads that they shall earn an aggregate net railway operating income that is equal as nearly as may be, to five and one-half per cent upon the aggregate value as determined in accordance with the provisions hereof, of the railway property of such carriers in the district held for and used in the service of transportation; provided—they were not quite satisfied with five and one-half per cent—in this respect the commission shall have reasonable latitude in order to adjust any particular rate, fare or charge which may be found unreasonably high or unreasonably low, and it may, in its discretion, add to the basis above mentioned one-half of one per cent on the aggregate value of such property, **THAT MEANS SIX PER CENT.** Figures, as a rule, are dry and uninteresting. Twenty-two million Americans gave of their hard-earned savings and raked and scraped and denied themselves, not only luxuries, but necessities, to buy \$21,000,000,000 worth of government war bonds. They drew anywhere from three and three-fourth per cent to four and three-fourth per cent interest, and if from any cause they were compelled to sell one of them, they sold it on the open market for what it would bring, anywhere from .84 to .86 or .87, and now the highest quotation yesterday was 93. That is all you get out of your 100 cents on the dollar, and you were guaranteed four and three-fourth per cent at the lowest. But along comes a railroad with approximately \$20,000,000,000 worth of capitalization—really \$12,000,000,000 worth, actual value; the

other \$8,000,000,000 is water pure and simple, which represents no real value except the paper it is printed on, the clear sky and the hope of the future; (laughter) they propose that each dollar of that shall be guaranteed six per cent. Why is a dollar invested in worthless railroad securities entitled to any more consideration than your dollar that you deprived yourself of and the worker's dollar that he deprived himself of to buy war bonds? (Applause.) I have not yet heard anybody answer that question. Yet that is what they propose to do.

It is not necessary to go into the history of the wreckage and the over-capitalization of these railroads. It is **Proposed to Guarantee six per cent on the Book Value. That is one of the biggest steals ever put over on the American People!** We thot, when we gave them 584,000 square miles of the public domain, including lands for building our western railroads, that we had gone about the limit in generosity. We gave them each alternate sections for ten miles on each side of their tracks. It comprises a territory equal to 584,000 square miles. You can take all the New England states, New York, Pennsylvania, New Jersey, and throw in Ohio, Indianna, Illinois and Delaware, and it equals in area exactly the amount of land that was given to the western railroads in fee simple. It is true some of that land was not much good. It was alkali dust and cactus out in Arizona, but a friendly congress fixed that for them. They passed what was known as the new land law, and if for any reason any of this land acquired by the railroads was set aside for the public domain, they could choose an equal amount of acreage from other land still the public domain. So they played a shrewd game. The alkali land did not grow anything, and they had it set aside as an Indian reservation. Of course there were not any Indians but that did not matter. Then they had the right to go into the public domain and choose land. They went into Florida and took the best yellow pine land; they went into Washington and Oregon and took the best spruce and fir land, with the result that the Western Pacific owns timber land valued at \$700,000,000, and now we propose to give them \$8,000,000,000, and the minute that you guarantee it at six per cent it is worth par, whereas it was only paper before.

Government Bureaucracy

Next they have a board. Some people find fault with the Plumb Plan and the board we have. Here is the board that the Cummins plan proposes to have:

"There is hereby created a transportation board which shall be composed of five members to be appointed by the President, by and with the advice of the Senate. The members first appointed under this act shall continue in office as follows: two, two years; two, three

years; one, four years; respectively, the term or terms of each to be designated by the President, but their successors shall be appointed for the term of 10 years."

Not more than three of the members of the board shall be appointed from the same political party. Government bureaucracy pure and simple. Here is the job cut out for the board—a man-sized job:

"Immediately after its organization as aforesaid the board shall prepare and adopt a plan for the consolidation of the railroad properties of the United States into not less than 20 nor more than 35 systems"——

Some job, when you stop to think that there are in the United States today 3,000 individual railroads. This board of five, appointed at a salary of \$12,000 each, must divide these up into not less than 20 nor more than 35 railroads or systems, and in the future they will be operated in that way. The job becomes impossible when they have to use the following yard stick:

"The several systems shall be so arranged that the cost of transportation as between competitive systems and as related to the value of the properties through which the service is rendered shall be the same, so far as practicable"——

So that these systems can employ uniform rates in the amount of competitive traffic and under efficient management can earn substantially the same rate of return upon the value of the railway properties involved.

Take, for example, two railroads, the Pennsylvania and the Erie, between Chicago and New York. The Erie, 150 miles longer, has more mileage; they have a longer haul. The Erie is capitalized 50 per cent higher per mile; yet these roads are in competition with each other and they must arrange so that the earnings of each will be the same on the capital invested. It will be an impossibility.

I want to call your attention to one other joker hid away in the bill:

"From and after 90 days after approval hereof it shall be unlawful for any railroad or water common carrier subject to this Act to issue any share of capital stock or any bond or other evidences, interest in or indebtedness of the carrier hereinafter collectively termed securities"——

After 90 days they cannot issue securities, but during 90 days they can issue all the securities and pour in all the water they please. (Laughter.)

The Most Vicious Anti-Strike Legislation Ever Attempted

Here is a strike clause: One of the most Vicious things that was

ever put in print, and anti-strike legislation is nothing new. The Senate has had compiled and any one can get a document of the strike laws of the different countries that have tried the experiment, showing the strikes they had before they had an anti-strike law and showing the strikes they had after they had an anti-strike law. The only difference was that when a strike occurred afterwards the men were guilty of breaking the law, and they have had about three times as many.

"It shall be unlawful for two or more persons, being officers, directors, managers, agents, attorneys or employees of any carrier or carriers subject to the act to regulate commerce as amended, for the purpose of maintaining, adjusting or settling any dispute, demand or controversy which, under the provisions of this Act, can be submitted for decision to the Committee on Wages and Working Conditions or to a regional board of adjustment, or to enter into any combination or agreement with the intent substantially to hinder, restrain or prevent the operation of trains or other facilities of transportation for the movement of commodities or persons in interstate commerce, or in pursuance of any such combination or agreement, and with like purpose substantially to hinder, restrain or prevent the operation of trains or other facilities of transportation for the movement of commodities or persons in interstate commerce, and upon conviction any such person shall be punished by a fine not exceeding \$500 or by imprisonment not exceeding six months, or by both fine and imprisonment. Provided that nothing herein shall be taken to deny to any individual the right to quit his employment for any reason."

That is for the employees. Here is the plan for the executive officer's organization:

"Whoever knowingly and with like intent shall aid, abet, counsel, command, induce or procure the commission or performance of any act, declared unlawful in the last preceding section hereof shall be guilty of a misdemeanor and, upon conviction, shall be punished by a fine not exceeding \$500 or by imprisonment not exceeding six months, or by both such fine and imprisonment."

If two of the members of the Brotherhood of Locomotive Engineers were dissatisfied with their jobs and one should say to the other, "I don't like it here. I have a notion to quit. I don't like the working conditions", and if one should say "There is Brother Stone. Let us talk to him about it", and if they should say to me, "Conditions are so and so here" and should talk to me and if I

should say "I don't blame you" they are guilty and subject to a fine and imprisonment and I am guilty and subject to a fine and imprisonment because I counselled with them.

Four millions of your boys and men went across the seas to fight for democracy. Many of them sleep over there today. They were told that they were to make the world safe for democracy, and they were told that they were coming back to a new and beautiful world, where conditions would be new and where the worker would have a better share and would have more of a say in regard to his efforts and his work. Instead of that they come back to find that while they were fighting to establish social democracy over there, the capitalists have practically completed their plan for establishing autocracy at home. (Applause.) And they are commencing to ask the question, "Where is that new and beautiful world we were coming into, and when are we going to get our share?" They find themselves fighting for conditions that were established prior to the war, not for something new, but for conditions they had established—and when you come to talk to any of these boys that have come home, as I have—they are the most bitter and dissatisfied lot of men that I have ever talked to; they are rapidly becoming disillusioned, and when people are disillusioned there is trouble ahead.

Mr. Plumb and I have talked all over this country about the Plumb plan. I have not talked as he has, but I take it that he has been followed and a report has been made of every word that we have said. You know we have arrived at a time in the history of our country when a man has to watch his step and be careful what he says. Every speech that we make is carefully reported: every word Mr. Plumb and I have to say in this entire swing around the United States has been carefully noted and reported by whom, I don't know, and frankly I will say to you I don't care. (Applause) I think it was David Harum that said "A reasonable amount of fleas is good for a dog. It keeps him from brooding over the fact that he is a dog." The Cummins bill is that from start to finish. It was reported out of committee by a vote of 14 to 1, the one man who had the courage of his convictions and the one man who had the manhood and stamina enough to vote against it was Bob La Follette of Wisconsin. (Applause)—a man who has been crucified by a subsidized press, who heard their master's voice and obeyed it.

The Esch Bill Even Worse

Now taking up the Esch bill: The Cummins bill is simply vicious and rotten from start to finish—the Esch bill is worse (laughter). I don't care to express my opinion on it, because it would have to be an expurgated edition (laughter). The Esch bill provides for

the same thing, turning over all the ships that they have built and are going to build and that are under contract, but he does not turn them over to the War Board, but to the Secretary of War, a distinction without a difference.

Then on page 4:

"Moneys required for such payments shall, from time to time, be acquired from the Secretary of War under the terms of these contracts."

Guarantees Income

The government is going to have to pay cash for anything it contracts for. The railroads have years to pay theirs, at 6 per cent. That is the difference. Here is the guarantee—I wish they would guarantee some of the other industries of the country as strongly as they have this;—

"The United States hereby guarantees to each carrier that its railway operating income for the guarantee period on the whole shall be not less than the average of its operating income for the corresponding periods each six months during the test period. The Secretary of the Treasury is hereby authorized and directed to draw warrants in favor of each of such carriers upon the Treasury of the United States, which shall be paid out of any moneys in the Treasury not otherwise appropriated."

The same appropriation is made that was made in the Cummins bill, that there should not be any deficit.

"For the purpose of enabling carriers and all railroads subject to the Commerce Act properly to serve the public during the transition period immediately following the termination of federal control, any such carrier may at any time after the passage of this act and before the expiration of one year after the termination of federal control, make application to the Interstate Commerce Commission for a loan from the United States, setting forth the amount of the loan and the terms for which it is desired, the purpose of the loan and the uses to which it will be applied. The application shall be accompanied by statements showing such facts and detail as the commission may require with respect to physical ownership, etc."

And the commission can direct the United States to pay over from the Secretary of the Treasury the necessary loan, and there is set aside \$250,000,000 as a revolving fund to take care of the loans to the railroads.

An Impossible Board

Next we come to their solution of all the labor troubles—the

millenium has arrived and here is the solution:

"There is hereby established a board, to be known as the Railway Labor Adjustment Board and to be composed of a group of employes, the members consisting of one representative for each union to be appointed by the chief executive and a group of employer members, 15 representatives for the carriers by railroads one representative for the telephone companies, one representative for the express companies, one representative for the telegraph and cable companies, and one representative for the carriers by water and one representative for the sleeping car company. This board shall not consist of more than 20 members from each side."

In other words, you would submit your case to an arbitration board of 40 men. After you got through presenting your case—and I have tried every form of arbitration ever known, probably arbitrated more than any other living man, and I know something of arbitration boards—and after you had presented your case to a board of 40 men, they wouldn't agree in an ordinary lifetime as to what the decision should be. There is another joker—

"That there shall be three members of this board representing the public, one from the agricultural interests one from the commercial interests and one from unorganized labor."

So you would probably have sitting on your case an expelled member from one of these railroad brotherhoods, because he is about the only man that is left that is not organized. In order that labor should not get an even break with capital, they put this in—

"Provided no member of the board shall, during term of office, by a member of, or the employee of, or hold any official relation to any union or carrier or hold any stock, bonds or other securities or be pecuniarily interested therein, but no member is required to relinquish his rights in any insurance or pension fund maintained by a union."

He can't hold his membership in a union for fear he would be contaminated. Would he be a representative of labor, or would he be a representative of the things they stand for, if he had to sever his connection with them in order to sit on an arbitration board? They say he may still maintain his insurance. I assure you after he leaves the organization of the B. of L. E. he will not carry his insurance. Any member of this board can come to your office, demand all books and papers and make copies of the same and take them away. I know what will happen if an expelled

member comes to our office and demands our papers and undertakes to copy them.

Paralyzes Organized Labor

Now listen to this—this is the most vicious thing that has ever been put in print in the history of the United States of America:

"Any union which authorizes any member to break any such contract of hire, or in case such contract is modified by any decision of the adjustment board or board of appeals or which aids, abets, counsels, commands, induces, procures or consents to or conspires to effect any such breach by its members, shall be liable to the full damages to the carrier arising from the breach. For the purpose of enforcing said law, service of papers may be made upon the chief executive of the union. No action for such damages shall be paid by reason of death, resignation, removal or legal incapacity of any such member of such union and satisfaction of any judgment rendered against the union shall be limited to the common property thereof."

That means that all the railroads have to do is to say "You have violated your contract." They could get a judgement against you in some of their courts that they own; they can take all of your own property, the property of your organization, any moneys you have in the bank or buildings or anything else, and if that is not enough they can assess the wages of each individual member until it is paid—and that is in free America, not Russia. (Applause).

The Government Board of Mediation, Conciliation and Arbitration that has been in existence a number of years, has settled successfully over 900 cases of labor disputes, and is simply wiped off the boards and wiped out. Then, to be sure they have you right so you cannot get away, after all of that, here is another one—

"The President of the United States may, upon the issuance of any proclamation declaring that, in his opinion the military necessities require such action, draft into service as members of the military or naval forces of the United States, administrative officers, employes and agents of any carrier subject to this act, who are required for its safe and efficient operation."

That will hold you for a while if you are not satisfied with your conditions. It also provides the increasing of the Interstate Commerce Commission to all members.

A Conscienceless Betrayal of Labor

The Esch bill is by far the most conscienceless betrayal of

the public that has ever been perpetrated on the American people. It validates approximately \$20,000,000,000 worth of railroad securities, at least \$8,000,000,000 of which is water, and directs the Interstate Commerce Commission to tax the American people, thru an increase in freight and passenger rates, to pay dividends on these shattered dollars.

Commencing tomorrow morning you will see put out across the United States the biggest propaganda that money can put in the interest of having the people understand that it now becomes necessary in order to rehabilitate these poor railroads that have gone to seed under government control—that it will be necessary to increase your freight and passenger rates at least 25, perhaps 30 per cent. There is \$1,000,000 behind that campaign that starts tomorrow, and I have that on information that I believe to be absolutely correct. It is not a question of whether or not you want the Plumb Plan. It is a question whether you want this legislation at the present time.

We have made about 17,000 new millionaires in the 18 months of the war, and God only knows how many we have made since, because it has been worse. It means that we are going on plundering the American people, with the high cost of living. That is the cause of the social unrest at the present time. It can all be stated in one short sentence: The pay envelope will not buy the necessities of a man and his family. And yet they propose to add to that. And this is not the ravings of some labor agitator, but a statement of Interstate Commerce Commissioner Woolley, who two weeks ago last Saturday night in Philadelphia made this statement: "The passage of any of these bills means an increase in freight and passenger rates not less than 25 and perhaps 30 per cent. That means that each individual in the United States will have his cost of living increased \$47.50 per year. That means with a family of five your living expenses will be increased \$200 per year." For what? To guarantee 6 per cent on something that exists only on paper.

There is no use calling names; no use saying that anybody that comes forward with a new idea is an agitator. During the war the railroad brotherhoods were the finest in the world. They were the ones who kept the lines of transportation open, and anybody who did not go through that first winter does not know what the railroad men of this country went thru. But they kept the lines of railroad open, and if they had not there would be a different story to tell at the end of the war. We sent 65,000 of our men to France, and we had, at the end of January, called for 60,000 more. More of our men sleep on the Flanders Fields than any other class of employes, because men handling the ammunition trains were the shining mark of the Germans, and they were

the ones that they wanted to get. Organized labor made good, regardless of any statements to the contrary, and I might add in passing that we did not cancel their insurance when they went to war, like the old line companies did. We kept their insurance up and paid their beneficiaries but the old line companies did not. Now the war is over, these people who stayed home and made money are going to hold it.

You have heard about food profiteering all at once. Why? Because Big Business pushed the button and 1,700 dailies and 37,000 weeklies started fighting labor, and today labor cannot get a square deal in the press of America. We couldn't even get anything about the Plumb plan any more. We had to commence publishing our own paper, and when a man stands up whose loyalty and Americanism cannot be questioned and talks as the representative of over 7,000,000 voters he must have something that will have to be listened to. It cannot be either laughed or jeered out of existence. They say: "It is revolutionary. It will never work." Why, some people said the same thing about the Constitution of the United States. They said: "The Constitution will never work. There is no precedent for it", but it has worked. And tho there is no precedent whatever for the Plumb plan, we are satisfied it will work.

Some one asked me to say what is going to be the future of the Plumb plan, in case these bills become a law. I don't know but what it would be probably the best thing that ever happened so far as the future of the Plumb plan is concerned, if these bills were to become law, because you would become so sick of the situation you would find confronting you with your railroads, that you would be glad to welcome the Plumb plan as a solution of the problems. If it is true, as some speakers have said, that these lines of transportation must be kept open, if it is true that they are the arteries through which alone the commerce of the nation flows, then it is also true, it is a self-evident truth, that they should be operated in the interests of the whole nation instead of being exploited in the interests of a few small groups of capitalists. (Applause.)

MR. PLUMB: I want to add one thought to what Mr. Stone has expressed in criticising the Esch bill. It seems useless, but it may help some. When they selected this arbitration board they required the men representing labor to no longer belong to their organizations, and to have no ties with the organizations which they represented, but when they selected the officials from the railways they said, "They may maintain their connection with the railways; they may keep their securities and preserve their personal and financial interests." That is equality in the eyes of those men.

THE AMERICAN RAILWAY PROBLEM AND ITS SOLUTION

Address by Hon. Carl S. Vrooman
Formerly Assistant Secretary of Agriculture and
Author of "American Railway Problems"

Mr. Chairman, ladies and gentlemen: I was introduced by a speaker in my home town, Bloomington, Illinois, as a scholar and a farmer. I replied that I was somewhat embarrassed by this double appellation because of the fact that it was the farmers in general who regarded me as a scholar, and the scholars were almost unanimous in regarding me as a farmer. I was at one time as has been said by the chairman, connected with our government, and I was very glad to do what I could to carry on the work of the government both in peace and in time of war, but when the armistice was signed I was offered a better position and I resigned from the government position and took my old job as a farmer, which I now hold, although not with as much credit as I would like. I speak to you as a farmer.

Josh Billings once said that you can never have an honest horse race until you have got an honest human race. That I will take as my text this evening. I once spent four years studying the railroad problem—studying the government regulation and ownership, and all the various methods in railway management in European countries. It was a great privilege to study these problems at first hand and to see for myself the real facts concerning the railway problem. I did not expect to get all the facts, but I got all the facts I could and digested all I could, and I have discovered some things which are not entirely known to the rank and file of our people. However there are mooted points about which even experts differ, and certain mooted points about which even advocates of public ownership differ. Thank God for that. I am glad that the great public ownership problem is not bounded by the conception of any one man or any one problem or any one set of facts. The great public ownership movement, of which this magnificent conference is but one slight evidence, is bigger than any of us know.

Plumb Plan Criticised

Last night we had a very interesting speech from Mr. Plumb. It was the first time I have heard him speak about his plan, and I was very deeply interested in all that he had to say. I had read a great deal about it, but I was anxious to hear him and was very

deeply impressed with his presentation of his plan. It explained to me a number of things which up to that time I had not entirely understood.

I had wondered a good deal about one thing in particular. I had known Mr. Plumb personally, and I did not quite understand how he had arrived at one part of his program—a part from which I have always dissented and still do dissent, the part in which he assigns one-third control of the railways to the railway officials, another one-third to the so-called employees, and only one-third to the public. He said when he was discussing the principles upon which he based his program—he explained, or at least I got it that way—why he has made what I regard this error in his plan, and I regard it as an error which can be removed without in any way injuring his plan. On the contrary, an error which can be removed to the great advantage of the plan. He said last night, as you will remember, those of you who were here, that our railway administrations involved three factors, the public, capital and labor, and he said furthermore that these three are one in importance. He might as well have said “Here is one dollar and here are two quarters and they are of equal value.” The public includes both the capital class and the laborers, but it includes vastly more than that; it includes all the children and all the old people and all the women who are neither capitalists nor laborers. More than that, it includes all the social inheritance which we have had handed down to us from our ancestors. It includes all the great heritage we hope to hand on to future generations. The public is more than any of its parts, (Applause) and it is upon that ground that I must dissent and register a reservation—I believe that is the word nowadays.

It was interesting to read in the evening paper that the Public Ownership League had decided to co-operate with the Plumb plan managers with reservations. This subject involves to my notion something decidedly more important than the railway problem; it goes right down, as I see it, to the very roots of society, and if we can solve this problem aright, and if we can establish this principle correctly, I think many of the grave problems of civilization today will prove easy of solution.

Any Kind of Autocracy Dangerous

This is what I have in mind: There is today a dangerous tendency all over the world, in every country that I know of in the world, and in every place that I know of in every country in the world, a tendency to get by might what they cannot hope to get by right. That is the most dangerous tendency in the world. Why? It is nothing more or less than kaiserism, pan-Germanism and bolshevism.

As I understand bolshevism it is not democracy; it is autocracy. Some prefer to have an autocracy of the poor instead of the rich; that is a debatable question. As for me, I will have neither (applause) and when any class or coterie, be they millionaires or paupers, be they citizens or soldiers, be they priests or what not, or farmers even, when they decide that they know more than the rest of the community, that they have more of intelligence and more of morality, and they admit it themselves, than all the rest of the community, and that they intend to do something for the community which the community cannot do for themselves, they have tried to establish a tyranny. Well, it is a benevolent tyranny. That is the story of tyranny as far back as history goes. There never was a tyranny founded in the world that the proponents did not convince themselves was a beneficial tyranny. I am ready to take my place with the democracies of the world; they are not perfect—God knows they are not perfect. You will never have a perfect democracy until you have a perfect human race. Josh Billings is right. Democracy has its faults, but it has fewer faults than any autocracy the world ever saw.

Today as you look around the world what nations are the best governed? There is a little too much of a tendency often times to lay stress or emphasis on negative conditions,—a little too much tendency to pick out the ugly or pathological. It is not good technology. The new technology teaches us, if it teaches us anything, that the way to make the world better is to see a clear vision of things as they should be, and of things as they potentially are,—things as they are in the mind of God and as they will be later among the sons of men; and so tonight let us lift our minds free of the mis-shapen and the ugly and distorted. Thank God it is a minority of what there is in this world. Thank God it is the minority.

Let Us Be Positive and Constructive

Let us play the great symphony of public ownership. Let us deal with something constructive and positive. The ideas that we stand behind, or the ideas that dominate us and for which we stand; those ideas I believe; some day are destined to rule the minds of men and re-organize and regenerate our institutions. Keep our minds on that; work to that great end and with that end and with that great purpose.

. Defends Administration .

I have heard a number of things here that have pained me quite seriously. I never heard anything yet that pained me very seriously, because I am able to put it out of my mind, and think of something more in line with what we think is true. I have heard

some things that amaze me, for instance several speakers criticised our government—and I know plenty of places where it could be criticised. I am very familiar with our government at Washington. I know its weak spots possibly as well as anybody here, but the spots on the sun are not the things to think about. The thing to think about chiefly in connection with the sun is its waves of light and heat and life that it throws off in endless currents for the benefit of the world; but when you look at the work of the present administration, it is a curious type of men that will fasten its eyes upon the things that have not been done to the exclusion of the extra-ordinary and unparalled program of achievements that it has to its credit. (Applause.)

I was talking a couple years ago to a leading "Bull Mooser" of this city and he said to me "I want to tell you something, I think it is only fair to do it, I am a business man, always have been a business man; a few weeks ago I said 'Here is the Wilson administration, look at it as you would look at the balance sheet of a business institution, size it up, analyze it, sum it up, see what you think of it as a business proposition.' " He said "I went after it with a microscope. I went at it thoroughly." "Now," he said, "you will hardly understand my feelings, because I was brought up a Republican from my young manhood; I have always been a Republican; I have looked upon the Democrats as a set of Apaches, and as being entirely untrustworthy, and it never once occurred to me that the Democratic party had enough intelligence and character to carry on a constructive program, to really carry on the work of this nation." "So," he said, "you may imagine my amazement, if not my consternation, when I discovered that in less than four years (this was some time ago before the war,) in less than four years this administration had written on our statute books more beneficial legislation that I believed in as a Republican and have believed in as a Bull Mooser than in any three administrations in the history of our country."

Now that is God's truth. If there is anybody that doubts it I am willing to take them up and give them a seriatim list. I can prove the accuracy of the statement. By that I do not mean to say that the administration has not done some things they should not have done. It has been human, but it has also been magnificently human, and our movement does not depend on depreciating any other movement that is helpful. We do not need to build ourselves up by slandering other people who have done their best, but the best that has yet been done on our continent by any government elected by the people of this country.

Public Railways More Efficient

Now with regard to the railroad problem, my researches taught

me several things of primary importance. One of them was that government railway administrations contrary to all proper theories with regard to the subject have in almost every instance proven more efficient than private railway administration. When railways were introduced into Europe only one country decided to have government railways—Belgium. England went in for unrestricted private railways and competition, with the result that they squandered untold millions of money building competing lines between the same points. Others went in for privately incorporated railways with government regulation, and all the other countries had some sort of combination of one or the other or both. I studied all these different methods and watched the gradual development of railway legislation, and the trend in every country in the world with the exception of England and the U. S. was in the direction of government ownership. And in almost every country the experience has been that government railways have been more efficient than privately owned railways.

Better Service Rates and Wages

Government railways have given better service for lower rates, and paid higher wages, and the profits on the roads have gone to the amortization of the capital of these railways. Now that is a pretty large statement, I recognize that but it is a true statement. The worst instance that I know of, of government railway management is in Italy and in France. The worst example cited by the opponents of government ownership is the French Western road a road made up of a lot of short water lines, that went into bankruptcy, that were failures. The government gathered them up. The government was not looking for an investment, but simply to the fact that they believed that that region needed railways, otherwise the region would not develop. So the government took over these bankrupt lines and merged them into one great national line. It took a lot of capital. It took a lot of time. The road had to be rebuilt while it was in operation, and it was a difficult task, but gradually it has been done, and the road is now earning much more than it has ever before. I believe it is not yet making a profit; it never did make a profit; it never would have made a profit under private ownership. It never would have become a real live trunk line under private management. The government picked up this wrecked thing, this tremendous failure of private initiative, and made it into a real railway; it is now serving France, and the agricultural industry of that region draws more benefit from it than the cost of the railway.

The Bureaucracy Fallacy

Now there is another fallacy, and that is, they say that the red

tape bureaucracy of a government institution is bound to be inefficient. It is a part of the same fallacies that I have been speaking about. Well, if a railway administration must be a bureaucracy do not forget that it has much to say in its favor. We are not very strong for bureaucracy. Take our civil service law; it is a great advance on the spoils system. It can be and soon is to be greatly improved. I have some pronounced and definite notions upon the subject from observation of the government at Washington, but in Europe they found a way out of that. In every railway administration they have found that the best managed road is a government road, managed by a management that is given a very large degree of liberty of action; of business administration, if you please, but very distinct from the business administration that we know, because the business administrations that you hear so much talked about in this country and other countries, where they have private railways, are business administrations for the purpose of profit. Government railway administration is a business administration for service. There is the distinction. They are businesslike. They have enough freedom of action to give them a chance to exercise all the initiative that their officers and employes can possibly develop. Both alike are subject to the control or regulation of some great body like our Interstate Commerce Commission, which acts as a professional critic, an administrative critic, a constructive critic; it also has a sort of an efficient expert to get the railroad administration up to the highest possible notch of efficiency. Now this is not a pedantic dream; this is something that exists in several European countries.

Now, of course, there are a half hundred problems in railway economics that I would be glad to discuss, but this is not the time. We have several other speakers, and I do not intend to go into a detailed discussion of these technical problems, but I want to express the feeling that this conference is one manifestation of the great ground swell of public sentiment not yet recognized popularly, in favor; I do not mean just governmental ownership, not a little technical thing like that, but a ground swell in favor of a new democratic industrial activity by our people.

The Present Problem Complicated

The present railway problem is a most complicated problem. I hesitate to say anything about it, but as an American citizen I must have my opinion, and you can have yours, and we must talk these things over; but I am not going to dogmatize about the present situation. I am not sure that I have any very big feeling about the matter. If the corporations, the old corporations that ran the roads before the war, are anxious to have the railways

back on the same conditions that they had them before the war, I would not put up much of a talk to keep them, and I will tell you why: We have been thru an awful hard time; a good many of our people don't realize the big things we have done. They do not realize the tremendous accomplishments of our people, and as a consequence a lot of them are critical of the railway administration because of this reason and that.

I was talking with a man yesterday coming up here—an intelligent business man, and he said to me "Well, this federal express business is an awful failure. It is not 50 per cent as efficient as the old express under private enterprise. This government business is no good." Well, this man owned a laundry. I had been doing some business with him. I said to him "You make me laugh. Of course your company is a correct proposition, but it is not as efficient as it was before the war." I said "You take your laundry, I get lots of things torn up. I take my medicine every day. Your laundry is miserably run now. Of course you know that better than I do." He knew it, and he said nothing about it.

About five minutes later I was talking with a man on the train I had never seen before. I got to talking about watches. He mentioned some firm of watch manufacturers. He said this company before the war was turning out 800 watches a day, and with exactly the same number of employes, the same machinery and everything else, they are turning out 250 now. "My friend," I said, "if the government was running that now you would say it was the government ownership, but that watch factory has cut its output one-third of its former output.

Railway Deficits Part of Cost of Winning the War

People criticise the railway administration because they are piling up deficits, war deficits. We have squandered money in every direction winning the war quickly and saving human life and we did win it quickly and we avoided an immense loss of human life. We won it quicker than any soldier in the world thought we could do it. We brought life to the allied powers. We did our share and we did it magnificently, and we poured out our money where we were right and poured out our blood in a flood, and the deficits of the railway administration are a part of this war expenditure, and it is small business in anybody to criticise Mr. Hines or Mr. McAdoo or the railway administration because of this necessary loss in money, the expenditure in money in carrying on this absolutely essential part of our great resistless war machinery. (Applause.)

Now we come to a fact that I wish everybody would take pains to consider—to become a propagandist for. It has not been given

the publicity by the daily press that I hoped it would receive, nor by any other press. It is one of the most significant phases to-day in the world, and that is a fact that while there was a deficit every month during the war and every month during the first period after the war, up to last June, since that time the federal railway administration has been making a profit of millions of dollars every month. (Applause.)

Now the railway presidents and their attorneys and representatives tell us frankly, and put their cards on the table face up, to this extent; they tell us frankly that they do not want the railway systems back without a subsidy. They do not want the railways back until the government will guarantee, or else let them have a profit. They say frankly that they cannot run the railways without a loss. They say that the first step is to guarantee dividends on all their watered stock as well as their stock and in addition to that they say they must have a raise in the railway rates of about 25 per cent. Now I tell you I am a farmer and I ship hogs, corn, cattle, sheep and other things to the market, and I think in this one respect at least I can speak as a representative of the farmers of this country. The farmers have no interest in this subject of public ownership other than that of a practical interest as shipper. I think I am safe in saying if the present railway administration can give us a management of our railways which will do our work for us without any increase in rates, and if the corporations will have to increase the freight rates 25 per cent, that the farmers will be for a continuation of the present regime, the present government management of railways; but even that is not a fair situation because we are paying the stockholders of the railways a profit commensurate for those roads.

We Pay Too Much

I am not criticising the management or that proposition, but you will remember when they decided what dividends they were to pay they based those dividends upon the three most profitable years in history of American railways. Perhaps it was fair as the next year would be a year of war and also presumably of large traffic but that commensurate dividend we have been paying to the stockholders on railway securities and that was used to check off these deficits and arrive at the present profits on our railroads, but you see very little of this mentioned in the press or the pulpit or anywhere else. People do not seem to know about it. You do hear there has been a tremendous rise in wages of the railway employees. You hear that talked about by the farmers and by everybody. They have got that by heart. They can sing it and they can tell it to you sleeping or awake. That is, they say, that it was governmental inefficiency that has brought about deficits. Well, in spite

of the fact that we paid them too much during the war as a permanent thing we are paying them too much.

In Europe whenever they took over railroads they went back for 10 years and paid the railways on the basis of profit during the 10 years. Nothing unjust about that, a perfectly square proposition. As a matter of fact, in most of the shorter railways in Europe that was one of the clauses incorporated when the railways were built. Well, that is what I would advocate in this country when we take over the railways permanently, as I think there is no question but that some time we will. They know the only way to have efficiency and economy in this country is by a co-ordinated national railway system. They do not tell all they know and behind what they are saying they have a method and a plan, and that plan and method is this, they want to get for the railways all that is possible to extract from the American people. It is a question remuneration, and that is why when I wrote my book "Railway Problems" I said in it to the consternation of some of my good friends who wanted to nationalize the railways—I said then, and I repeat it now,—I am not in any hurry to nationalize railways. Nearly every country in the world when it is nationalizing its railways has to charge for them. I would rather, if necessary, wait a little bit and drive a business like bargain with them. I do not want to take away one dollar from either the orphans or the widows that belong to them. We do not want to be on the charity list. We can pay them every dollar of real money that they have ever invested in the roads. We will pay them not only a bonus, but the cost price and billions of dollars. That is, to my mind, the biggest issue involved in this railway problem after all. It is a question of how much we are to pay for them. Therefore I am anxious to go about it in the most businesslike way possible, the most careful way possible.

Government Ownership Is Coming

It is coming; the government is going to own and operate the railways of this country. They are doing it in nearly every country in the world. The tendency of all civilization is in that direction, but when it comes let us do it on a fair basis, fair to them and to us, and let it be done in a way not to upset business, not to upset industry or agriculture.

In other words, let us do it intelligently. Let us do it as masters of the situation. Let us do it in a way to give us the maximum of good results and no evil results. This is a great question in itself, but it is greater in its bearing upon all the other economic, social and political questions of our time. It may be that it will be the paramount issue in the next political campaign, I know not; I care not. We are going to arrive at the goal some day. We must

act intelligently ,and act under the law. That is the way we will get the best results. (Applause.)

THE PRESENT RAILROAD LABOR PROBLEM

By Timothy Shea

Acting President Brotherhood of Locomotive
Firemen and Enginemen

The railroad problem is the most important before the country at the present time. It has a direct bearing upon the happiness and well-being of all of our people. Its proper solution will not only benefit the present generation but will facilitate the affairs and lighten the burdens of generations yet unborn. Not only railroad employees and the owners of railroad securities are directly concerned in the present situation in the transportation industry, but the interests of farmers, shippers, business men and consumers are no less vitally at stake. What is being done, and what should be done, should have the most serious attention and consideration of every citizen in our self-governing republic.

A General Fallacy About Railroad Employees

Before speaking of the broader aspects of the transportation situation, I wish to correct a common fallacy which has been widely disseminated relative to railroad employees. There has been a widespread propaganda to the effect, baldly speaking, that the employees of the railroads have held up the Government at the point of a gun, as it were, and secured advantageous working conditions and excessive rates of compensation. Nothing could be farther from the truth. As a matter of fact the hours of labor of engine and trainmen at the present time are excessive, and their wages are inadequate and far below pre-war standards of compensation. Their living and working conditions are indeed deplorable and yet it is being made to appear to the public that they are reveling in a period of unprecedented prosperity which has been cured by arbitrary and high-handed methods.

Wages And The Cost of Living

The present situation as to wages may be well illustrated by the experience of locomotive firemen and hostlers, the members of my own organization, with whose conditions I am most familiar. Summarily stated, their status as to wages during the past five years has been as follows:

First: Prior to the world war their rates of pay were not sufficient to maintain a standard of living based on reasonable health and comfort. The earnings of the majority did not exceed \$900 a year, a sum not adequate for the proper standard of living of a normal family. Higher earnings were the outcome of excessive hours on duty, or were enjoyed by a favored few who, because of long years of service, had the right to special runs which yielded larger incomes.

Second: The cost of living during the war increased faster than advances in rates of pay to firemen.

Third: The present wages of firemen are, therefore, even more inadequate than they were prior to the war, and are not sufficient to maintain the families of firemen on a subsistence level with a reasonable degree of health and comfort.

Firemen on Western railroads, other than those engaged in yard service, did not receive any increase in rates of pay from 1910 to January 1918, the time at which the railroads were placed under Government control. On Eastern and Southeastern railroads, firemen did not obtain any wage advances during the five years preceding the taking over the railroads by the Government. The basic 8-hour work day in freight service was established as a result of the Adamson Law. This meant no more, however, than that transportation employees earned more if they were not able to accomplish their runs within the established working time.

Wages Increased 40—Cost of Living 80 per cent

Since the establishment of the Railroad Administration, the increases granted to locomotive firemen have, as a whole, averaged only between 40 and 45 per cent. On the other hand, the cost of living from 1914, the beginning of the World War, to the present time, has increased from 80 to 85 per cent. During the more extended period—from 1910 to the present time—living costs have advanced more than 120 per cent. In other words, locomotive firemen have had their real income, which was inadequate before the war, seriously reduced by the increased cost of living which has developed since the beginning of the war. Recently, in connection with a request made to the Railroad Administration for a living wage for locomotive firemen, I sent a questionnaire to our representatives on individual railroads requesting them to furnish statements from firemen with families showing their expenditures for three months—June, July and August, 1919—together with their earnings for the same period, and in all instances the information received showed that in all sections of the country firemen were running in debt from five to fifty dollars a month. Despite all the efforts of households to economize, and despite the fact that in many cases the wages of the firemen

were supplemented by the earnings of wives or children, the family income was inadequate for family needs.

Railroad workers it is true have received more benefits under the government control of the transportation industry than under the private ownership and operation. During the war they remained at their posts, performing most arduous duties at comparatively low wages despite the offer of more profitable work elsewhere, and oftentimes against the direct solicitations of agents of munition plants, shipyards, and mines, and other industries. They considered it their duty to remain at work on the railroads in a time of war emergency and national need. They felt that they should give all their capabilities, training and experience to their country in time of war, and should not give thought to the making of money beyond what was essential to the normal subsistence of themselves and their families. They, therefore, worked long hours and at rates of pay that constantly declined in purchasing power because of the rapid advance in prices for the necessities of life.

After the signing of the armistice the cost of living continued to advance. Railroad employees requested relief. They urged that their rates of pay be advanced to offset increased living costs so that pre-war standards of living might at least be maintained. They also requested that the eight-hour day, or the rule for time and a half for overtime after eight hours, be put into effect, so that the establishment of a reasonable working day, which had been formally recognized and assured by the Adamson Law in 1916 and which had been temporarily set aside during the war emergency, might now, that the national crisis had passed, be realized.

Fails To Stop Profiteering or Reduce The High Cost of Living

The president, through the director general of railroads, refused to make any wage advances. He recognized the decline in real wages, but stated that instead of advancing money wages he preferred to secure the same object by reducing the high cost of living. He stated that a vicious circle had been created by pyramiding prices as a result of wage advances to industrial workers, and what was needed fundamentally was to lower prices so that existing living costs might be reduced, or, in other words, so that present money wages might have a greater purchasing power. It was his purpose, he stated, to inaugurate measures for reducing prices and eliminating profiteering. Pending the results of this action, he requested that further wage demands be held in abeyance. If the purchasing power of our wages were not increased within a reasonable time by bringing about a decline in price levels, he stated it would be necessary to accept the

higher costs of living as a permanent basis of adjustment and railroad wages should be adjusted along with the rest.

If the rising cost of living is to be changed, drastic measures of a very different character than those now being put into practice are necessary. The world's stocks of food, commodities of all kinds have been depleted. Current production of foods and manufactured articles is entirely insufficient to meet the extraordinary needs which have arisen since the war. The only method by which the situation can be adequately met is for the government to take control of and administer the available supplies of foods, raw material and manufactured goods, and thus effectively stop the existing profiteering of producers, manufacturers, jobbers, wholesalers and retailers. Unless this is done no relief can be afforded, and as this is not being done there is no recourse open to us except to request needed advances in rates of pay sufficient to maintain minimum standards of living, which I have done for locomotive firemen and hostlers, the classes of employees which I represent.

Since we received the statement from the president we have been struggling along as best we can, awaiting the outcome of his campaign against the high cost of living. We have not subscribed to the theory that increased wages or labor costs have been the primary causes of higher prices. We know that the coal mining operator, the manufacturer, the distributor and the retailer have used wage advances as a pretext for profiteering and have added many times the amount of wage increases to the prices of commodities, and then ascribed the cause of these inflated prices unjustly, to use their own statements, to "the exactions of labor." While we have no confidence in the methods adopted to lower the price level, yet we have hoped, however, to see rising living costs checked and reduced and the real wages of transportation employees advanced.

During the three months that have passed, I regret to say, these hopes have been without realization. The cost of living has not been appreciably reduced and there seems to be no prospect of an early reduction.

This is borne out by a careful analysis of all the existing data, such as the wholesale price index numbers of Dun and Bradstreet. During the month of September there was a slight decrease in wholesale prices as shown by the figures of Dun and Bradstreet and the United States Bureau of Labor Statistics. But this decrease was due almost solely to decreases in foodstuffs. Other important commodities, such as clothing and building materials, showed a steady upward climb. Moreover the slight reduction in wholesale prices in September shows no sign of continuing. Dun's index numbers for October shows only a very slight decline

over September, while Bradstreet shows a renewed upward movement. Thus it seems clear that such reduction in cost of living as has taken place since August is too small to be significant and, moreover, that the present indications are for a renewed upward movement in prices. Index numbers for foodstuffs and all other commodities, so far as they are available for November show renewed advances in the constant upward trend of prices.

Immediate Relief Absolutely Necessary

Under these conditions, after the lapse of a reasonable period of time, we shall again be compelled to ask the president and the railroad administration to so increase our rates of compensation as to assure to transportation employees and their families at least a minimum subsistent standard of living. As a matter of fact what should have been done in August, and what must be done in the near future is to advance the rates of pay of railroad workers to correspond to increased living costs. In order to protect the legitimate interests of both the government or the public and the railway employees, this should in my opinion be on a temporary or sliding scale basis. Rates of pay should be made to adjust themselves automatically from month to month according to indexes of living costs which have already been established by the United States Bureau of Labor Statistics and other authoritative agencies. While this temporary relief is being given, an investigation should be authorized by the director general of railroads for the purpose (1) of definitely and permanently working out differentials in rates of pay between different classes of railroad workers, and (2) for establishing a minimum standard or living wage in each occupational group. Due to the war emergency and wage advances made, there also exist certain comparative inequalities in rates of pay between a number of classes of railroad workers. This cause of friction should be removed. As has already been pointed out, the pre-war basis of compensation among all classes of employees was inadequate. The wage-awards during the war have not been sufficient to offset the unprecedented rise in living costs, and, as a consequence, with the increase in wages falling far behind the advance in wage-increases made, present rates of pay are below the insufficient pre-war levels. After proper inquiry, the government should establish minimum standards of compensation for each occupation sufficient to maintain employees and their families on a basis of health and reasonable comfort.

The Fundamental Rights of Labor

This policy will have to be adopted together with regulations as to an eight-hour work day before discontent and dissatisfaction

are eliminated and a full measure of productive efficiency secured from railroad employees. Under the principles established by the national government during the war, as well as the guarantees extended to industrial workers by the treaty of peace and sanctioned by the enlightened opinion of the civilized world, railway transportation employees are convinced that there are two fundamental economic rights to which they are entitled, and which, if granted, would place the industrial relations of the transportation industry upon a basis which would make inevitably for permanent peace. These rights are (1) a basic eight-hour work day and a punitive measure of time and a half for all over-time in accordance with our existing method of computation, and (2) a living wage.

By a living wage is meant not merely a subsistence rate of pay but a wage sufficient, after meeting minimum physical needs of food, clothing and shelter, to yield a balance sufficient for a reasonable degree of comfort and to enable the wage earner to secure a reasonable measure of health, recreation and education, and to set aside a portion of his earnings for old age and disability.

The rates of pay of locomotive firemen must be advanced to a standard of a living wage. Moreover, locomotive firemen cannot physically endure the hours they have been required to work and which they have temporarily acquiesced in because of the war emergency. They have decided that after nearly four years of patient waiting on their part, this issue cannot be longer postponed.

These two fundamental rights—a living wage and a reasonable work-day—must be granted if the railroads continue under government control, and if it is decided to return them to their private owners, these rights must be established and made a condition to their return to private ownership and operation.

Anti-Strike Legislation

Railroad employees, as well as impartial students of methods of conciliation and mutual arbitration of industrial disputes, have recently been astounded by the action of the senate Committee on Inter-state and foreign commerce in reporting a bill for the return of the railroads to private ownership. This measure contains a provision which not only denies the right of striking to employees but makes a conspiracy punishable by fine or imprisonment. The bill referred to is the so-called Cummins Bill which receives its designation from the fact that Senator Cummins is chairman of the senate committee on Inter-state and Foreign Commerce. It is all the more extraordinary that such legislation has been proposed by this committee for the reason that less than three years ago it had prepared and printed as a public document a report showing that the experience of all the leading industrial and com-

mercial nations of the world with anti-strike legislation had been ineffective.

The committee on inter-state and foreign commerce of the house of representatives reported a bill a few days ago for the reorganization and turning back of the railroads to private control and operation which is more vicious than the Cummins Bill with its anti-strike feature. The house bill contains a proviso which would absolutely shackle railroad employees and prevent them from going on strike for the purpose of securing increases in pay or to oppose any injustice that might be perpetrated upon them by railroad corporations, and if they violated any of the provisions of the proposed law they would be amenable to the law and the organization representing the employees could be prosecuted and judgement rendered against the organizations to the limit of common property, which means confiscation of funds and property such as buildings, office fixtures, etc., and it has been stated that the courts could levy assessments upon all employees after the funds of the organization had been exhausted and the property confiscated, to reimburse corporations for any damage which might be alleged in the event any class of employees went on a strike to protest against injustices which might be perpetrated upon them.

A Conspiracy To Reduce Wages

Under these conditions, the executives of the railway labor organizations have become convinced—and their conclusions are based upon actual evidence—that this legislation is the outcome of a conspiracy to reduce wages below their present inadequate levels. The large financial interests who, in the back ground, originated this legislation under the guise of protecting the public against railway strikes, have reasoned that if governmental control of the transportation industry ceases after December 31st, they will reduce the rates of pay of railway workers, and if strikes result, they will break them by fining and imprisoning the strikers. It is the same reasoning and it is essentially the same group who have attempted to continue the enslavement of the iron and steel workers and the further exploitation of the bituminous mine-workers. As a matter of fact, it is a part of the general conspiracy of the large financial interests who have decided to attempt to disrupt all labor organizations. Their object is to continue unchecked their war-time profiteering, and the exploitation of the wage-earner and the public which they had been so successful in doing prior to the war. It is needless to say that not only as railway workers, but as free-born American citizens in a self-governing republic, we shall resist this conspiracy to the utmost.

No Danger of Railway Strikes

There has been no strike on American railroads of any importance for more than thirty years. There is no danger of any strike occurring unless it is provoked by such legislation as that embodied in the Cummins Bill or the Esch house bill, or as a result of such a policy as that adopted by the department of justice against the United Mine Workers.

Strikes occur in industry for various reasons. They may come as a result of small grievances. They may arise from an arbitrary denial of fundamental rights. They may arise because of failure of workers to secure prompt and honest action on real grievances. The experience of the world has shown that anti-strike legislation has always been abortive. The irrationality of the action of the senate and house committee is only equaled by its ineffectiveness.

If railroad employees are given their simple, fundamental, economic rights, together with proper machinery for adjusting current and less important grievances, there would be no occasion for strikes and no strike of any significance would occur. This is the intelligent and effective policy to pursue. If the members of the senate and house committees were possessed of the elements of real industrial insight and constructive statesmanship, they would recommend such policy instead of the foolish and futile anti-strike provisions of the Cummins Bill or the Esch Bill.

Real Constructive Statesmanship Needed

Because of the sinister interests which are back of this and other railroad legislation relative to the continuance of private ownership of the transportation system, the railway labor organizations have become convinced that real constructive, patriotic statesmanship is needed to deal with the railway problem in all its aspects. I expect to have an opportunity to speak of this at one of the sessions tomorrow. Our experience under the private ownership and operation of the railroads has led us to the firm belief that our present political democracy in its relation to industry must be supplemented by measures which will make possible a full measure of industrial democracy. In no other way can the fundamental rights of labor and the public be attained. We have, therefore, formulated a constructive program which has become known as the Plumb Plan, which so far as the transportation industry is concerned, safeguards the interests of the public while permitting the development of the proper well-being of the railway employee. The fundamental underlying principles of this plan are those of a rational industrial democracy, and are applicable to any industry. We have determined to do all in our power

to keep the transportation industry under government control until these principles in general can be applied to the operation of the transportation system in the interest of the public and the employees.

CRITICISM OF THE PLUMB PLAN FROM THE VIEWPOINT OF PUBLIC OWNERSHIP

By Geo. C. Sikes, of Chicago

The adoption of a permanent policy of ownership and unified operation of the railroads by the national government I regard as one of the greatest needs of the country. Therefore, I claim the right to be heard at a conference called in the name of public ownership. However, what I have to say is likely to be displeasing to many in attendance at this gathering, for seemingly the champions of the Plumb Plan are in the majority here. But I wish to voice my protest and to warn the genuine public ownership men and women in this meeting that endorsement by them of the Plumb plan will be an act of folly.

For years I have been studying suggested franchise arrangements put forth by privilege seeking private corporations and have been criticising such suggestions with the view of protecting public interests. I think I have some familiarity with such matters. In my opinion, the Plumb plan is more vicious than any project of this nature ever put forth before by any predatory transportation magnate or exploiting Wall Street promoter. As a public ownership measure, the Plumb Plan is a perversion and a fake. It represents an attempt to perpetrate a colossal confidence game on the American public and on the advocates of government ownership. The Plumb plan propaganda, in so far as it wears the mask of public ownership, is misleading, hypocritical and essentially dishonest.

Workers Would Exploit the Public

Exploitation is exploitation, whether by capitalistic promoters or by a group of organized workers. The idea that exploitation is all right if carried on in the interest of certain labor groups may be accepted in Russia. But such doctrine will be spurned by any land that remains steadfast in its adherence to democracy. Autocracy is autocracy, whether the autocrat be a selfish labor group, or a plutocrat, or a kaiser or a czar. Whenever the workers of a country in large numbers, in selfish disregard of the public welfare accept the principle of autocracy in the hope that they may bene-

fit from its application there is danger that the country may fall under the control of the autocracy of the opposite extreme. It was inevitable that the excesses of the French Revolution should produce a Napoleon. If stories from Russia are to be accepted as correct, it cannot be doubted that the conditions there must lead sooner or later to reaction and to some form of despotism. If dependence is to be placed on might, rather than on right, labor rule in any land must be short-lived. Labor can hope to share effectively in control of governmental affairs for any considerable time only by making its cause as broad as the public welfare and by acting in accord with the principles of democracy. Henry George, in memorable words, voiced the true principle when he was a candidate for mayor of New York some years ago, with strong labor backing while espousing labor's cause, he refused to be regarded as the candidate of labor, in the narrow sense of the term. "I am not for working men", he said, "I am for men."

It is a far cry from the time when Henry George uttered that sentiment, with the approval of labor, to the present, when important labor groups, differentiating themselves from the general public, are brazenly bent upon exploitation for their own selfish benefit, in accordance with the spirit of Prussianism. Psychologically speaking, it looks as if the Germans had won the war. The spirit of Prussianism was never so rampant in the United States as it is today. Certain employing and business interests are more arrogantly autocratic than they ever have been before. And some spokesmen for labor groups are just as bad, if not worse. In a battle between an autocracy of capital and autocracy of labor, I do not believe labor can win. Labor's only hope lies in democracy, in making common cause with all who stand for right and justice and the broad public welfare.

The Plumb Plan is an effort to Prussianize the labor movement in America. It is an appeal to certain groups of workers to stand for exploitation of the general public for their own selfish interest coupled with a deceptive, false appeal to public ownership advocates to help on the undemocratic move.

Would Turn the Railroads Over to Workers

Under the Plumb plan, if put into effect, the United States will buy the railroads and pay for them. It will not retain control and operate the roads itself in the public interest, however. Instead it will immediately turn them over, free of charge, to a corporation under an irrevocable 100-year lease or franchise arrangement, to be controlled by a board of fifteen directors. Five of these fifteen directors will be named by the President of the United States. The remaining ten, or two-thirds of the board, will be selected by the railroad officials and employees. Mr. Plumb seeks to give the impression that the five members of the board of directors to be

chosen by employees designated as officials would have a status corresponding somewhat to that of representatives of owners; that their interests would be antagonistic to the interests of the classified employees. This impression is entirely false, of course. Under private ownership, railroad officials represent the owners. But under the Plumb plan, by which the government will own the properties and vest their control in a board of 15 directors, of which it will name but five members, the interests of officials and of employees described as classified employees will be substantially identical.

Not content with providing an arrangement under which the government, after buying the roads, would vest their control in a board of directors dominated by railroad employees, the Plumb plan places the control of salaries and wages absolutely in the hand of a board composed entirely of representatives of those who are to draw pay from the railroads. And then, after fixing their own wages, the employees are to participate in a profit sharing arrangement. If absurdity could go to more extreme limits, my imagination is unequal to the task of conceiving what they might be.

It is said power is left in the Inter-State Commerce Commission under the Plumb plan, to fix rates. This rate fixing power, if it could affect wages at all, could operate to keep them down only by first depriving the government of any returns whatever upon its enormous investment in railroad property.

On top of all else, the Plumb plan provides that the lease of franchise arrangement under which the employees are to manage the railroad properties in their own interest, shall have a life of 100 years, and be practically irrevocable during that period. What business have public ownership advocates standing for 100-year franchise grants to any kind of a corporation representing mainly private interests?

The Plumb plan is so grotesquely absurd and immoral that I do not see how it can command any support whatever. It is another sign of the craziness of the times that such a plan does have advocates in considerable number. That it can ever have the support of the country, as a whole seems incredible. As I see it, advocacy of the Plumb plan under the name of public ownership is discrediting public ownership.

If I am any judge of public opinion, the sentiment for government ownership of the railroads is not as strong right now as it has been in the past. I believe a referendum vote at this time would show a majority of the American people to be opposed to government ownership, and to be in favor of the early return of the railroads to their owners. I further believe, however, that public ownership sentiment will begin to develop rapidly again soon after the return of the railroads to private management.

What public ownership advocates should do is to have a program for government ownership and operations of the railroads, to be pushed as opportunity may offer. Fake plans and selfish schemes falsely labeled public ownership can only hurt the cause. If this gathering is a genuine public ownership body it will condemn the Plumb plan as spurious, and stand for government management as well as government ownership of the railroads.

I am aware that some public ownership advocates who see faults in the Plumb plan are drifting with the Plumb plan movement because it has an organized force behind it, in the hope that the plan will be modified and made more acceptable before it is put into effect. I contend that the Plumb plan is so faulty that it should receive no support from disinterested citizens; that as it comes to be better understood by the general public it will be regarded with marked disfavor; and a program even tho changed so as to be meritorious but still bearing the Plumb plan label would be doomed to defeat. To permit the organized public ownership movement to become a mere annex to the Plumb plan propaganda must tend to make that movement an object of derision. If the railroad brotherhoods will not join in an effort to bring about the ownership and permanent operation of the railroads by the government in the interest of the country as a whole, public ownership advocates should refuse to co-operate with them.

The mechanism for which the Plumb plan makes provision is far too complex to work well. Instead of having a purchase board, a board of directors, a wage board, and the inter-state commerce commission, each with important independent powers, there should be but one body, with full authority, subject to supervision by Congress and the President, to acquire and manage the properties. The railroad workers might properly have minority representation in such a body.

I sympathize with the desire of labor for a larger voice in the management of industry. It seems to me, however that that desire must seek its satisfaction, through development of the co-operative idea, mainly in competitive productive industry, with a measurable output. Railroad transportation should not be looked upon as business, but as service. It is akin in this respect to the postal system, the fire department and the school system. It should not be run upon competitive lines, but it should be dealt with as a public monopoly. The suggestion that the railroad employees be allowed to run the railroads in their own interest, after purchase by the government, is even less defensible in some ways than would be a suggestion that the teachers should manage the schools, or that firemen should direct the affairs of a city fire department in such a way as to insure primarily the promotion of the interests of the teachers or of the firemen

IV. Municipal Ownership

"AMERICA'S GREATEST PUBLICLY OWNED ELECTRIC LIGHT AND POWER SYSTEM" AND ITS 3 CENT RATE FOR 235 CITIES

By R. T. Jeffery

Assistant Engineer Hydro-Electric Power
Commission of Ontario

The purpose of this Conference is for the consideration and study of the problems of public ownership; to hear of the methods and plans of those who have made a success of public ownership, and of ways and means for advancing "the public ownership, efficient management and democratic control of public utilities and natural resources."

I have been asked to speak to you tonight as a representative of Sir Adam Beck, on "America's Greatest Publicly Owned Electric Light and Power System, and Its 3c Rate for 235 Cities." In Canada as well as on this side of the border, many towns and cities already have public or municipal ownership of part or all of their public utilities, and every year sees a steady growth of this number as public opinion is moulded along the lines of the public need, and the public mind is educated to see the advantage of owning and operating their own public utilities in their own interests. Similar movements, on a much larger scale and with correspondingly larger benefits to the people, are already well under way in many of the Provinces and States on this continent, but I think I can safely say that your neighbors in the municipalities of the Province of Ontario, across the Border are pioneers in uniting to form one harmonious body, large enough and strong enough to acquire, conserve and use the enormous water power resources of the province for their own use, and thereby conserving the rather limited coal supply.

As early as 1900, the city of Toronto—a city now having a population of over half a million people—made application to the Provincial legislature for authority to generate power at Niagara Falls, and to transmit this power a distance of approximately 90 miles, to be used in operating its industries and lighting the houses and places of business of its citizens. This application was not favorably received by the legislature, but about that time a long term lease was granted to the Electric Development Company, a

privately owned company, affiliated with the Toronto Electric Light Company and the Toronto Street Railway Company, and by reason of this interlocking ownership, two large power customers were immediately available to take care of the capital that the company proposed investing in power development. Up to that date, the Provincial legislature had granted leases to three companies to generate power in the Queen Victoria Niagara Falls park, at Niagara Falls. The leases granted these companies entitled them to generate, in the case of the Canadian Niagara Power Company, 100,000 horse power; the Electric Development Company, 125,000 horse power; and the Ontario Power Company, 180,000 horse power; making a total of 405,000 horse power, the rights to develop which were handed over to private interests. So, through lack of foresight on the part of the legislature, the greatest asset of the Province passed out of control of the people, to whom it rightly belonged, and it seemed as if this great heritage of the people was lost to them for years to come..

Early Struggles for Public Ownership

Ontario is, we claim, the manufacturing district for the whole of Canada (it has been up to the present time at least) and to maintain that supremacy, it was necessary to develop a cheap and adequate source of power supply to supersede coal, of which commodity there is none in Ontario, our province being wholly dependent for its coal supply upon the far east and the far west of the Dominion, or on importation from this country (the main source of all our bituminous and anthracite coal supply).

The need was great and insistent were the demands of municipalities, boards of trade, manufacturers' associations, and other industrial associations, to obtain power from Niagara Falls for the operation of industries in that part of the Province near that source of supply, where hundreds of thousands of horse power in energy were pouring over the falls in a never ending torrent—useless to the people, except for the beauty and grandeur of the scene which it presents.

Finally, a largely attended public meeting was held to discuss the proposition, and at this meeting a committee was appointed to confer with the Provincial Government, with a view to securing such legislation as would enable the municipalities to undertake the necessary development, discussion and transmission of electricity, as a municipal undertaking; and asking also for the right to generate power, in the event of failure to secure an adequate power supply on favorable contract terms from one or more of the three existing power companies at Niagara Falls.

The Provincial Government, acting under these urgent requests, in 1903, passed legislation authorizing the municipalities to bor-

row money and to undertake, individually and jointly, to generate transmit, and deliver power, and also to appoint a commission of three or five men to operate and control the system.

As a preliminary step, a commission of four members was appointed by the municipalities to investigate and report on the proposition. The men appointed were not (so-called) politicians but broad-minded business men who had made a success of their own personal business, and in whom the people had explicit confidence; and these four men appointed a fifth member—who was an electrical engineer and expert—so that the commission, so constituted, were able to deal with the proposition from a business as well as from an engineering standpoint.

One of the members of that original commission was Sir Adam Beck, to whom the people of Ontario owe a deep debt of gratitude, which they can never repay, and it is greatly due to his clear vision of the possibilities of the Province in the acquisition and development of the great natural water power resources of the Province for the people, and to his untiring efforts in striving to attain that end, instead of allowing these resources to be absorbed by private interests, to be developed, operated, and controlled by these interests, that Ontario owes the phenomenal success of this great public enterprise, which is the largest and most successful system of its kind in the world today.

The Commissioner's preliminary report was a revelation to the people as to what could be done in the way of generating, transmitting, and distributing electrical power to the people at cost, for the operation of their factories and the lighting of their homes and places of business.

The next problem to be solved was how to get the necessary money to go ahead with the scheme, as outlined in this preliminary report, and a second appeal was made to the provincial Legislature to enact legislation which would enable the municipalities to proceed with the proposition. Sir Adam Beck, the present Chairman of the Commission, was entrusted, as a member of the Government, with the task of amending the legislation to meet the requirement of the municipalities in this respect.

The legislation, as prepared, was considered by many to be most drastic. Just how drastic, you gentlemen may consider this legislation, I do not know, but I shall give you a brief summary of the authority given the Commission, so that with these facts before you and knowing the results attained through this legislation, you will be in a position to judge for yourself.

The Power Granted the Commission

By this legislation the Commission has power to acquire, by pur-

chase or otherwise, and hold shares in any incorporated company carrying on the business of operating, supplying and distributing electric power. The Commission has also power to acquire or expropriate lands, water privileges, or water power, machinery and plant or any portion thereof of any person owning or operating under lease, or otherwise, or operating or using water power privileges, or water power, in transmitting electrical power or energy in Ontario which; in the opinion of the Commission should be purchased, acquired, leased, taken, expropriated and developed or used by the Commission for the purpose of this Act.

I might also state that there is a clause in the Act which gives the Commission power to acquire stock in a developing company, and the Commission now constitute a company, having acquired stock in one of the large developing power companies in Niagara Falls (The Ontario Power Company.)

While the Commission's powers, which I have just summarized, may appear to you to be somewhat drastic, they cannot be unfair or unreasonable, as they are all subject to arbitration (your term, I understand, for this word is "Condemnation Proceedings.")

Since this Act was passed, the Commission has acquired water power right, generating plants, transmission and distributing plants to the total of ninety-one all by negotiation, which speaks well for the Commission's fair-minded methods of dealing with the owners of private plants and so-called vested rights.

A Partnership of Municipalities—A League of Cities

So the whole scheme is a partnership of municipalities, each municipality, or partner, paying a proportionate share of the cost of service, according to the service received.

The original Power Commission Act has, of course, been amended from year to year to meet changing conditions and to enable the Commission to perform its duties and meet the ever increasing demands for service.

I shall now briefly outline the procedure that must be followed, according to legislation, by the municipalities going into the partnership scheme.

First, the Council of the Municipality in question, applies to the Commission for information and data regarding the estimated cost of power to the municipality and to customers, classifying them as domestic lighting, commercial lighting, street lighting, and power users; also the probable cost of the necessary substation, equipment, and distribution system to distribute this power to the users in the municipality.

This information is submitted by the Commission, covering, in detail, the total cost of the undertaking and clearly stating the financial liability which the municipality assumes in entering into the partnership scheme.

Second, if the information, as submitted by the Commission, is satisfactory to the Council two by-laws (ordinances) are submitted to the rate payers of the municipality: 1st, what is known as the "Enabling By-Laws" by which the Municipal Council is authorized to enter into a contract with the Commission for a supply of power; 2nd, a 'Money By-Law' which authorizes the Municipal Council to issue and sell debentures necessary to cover the cost of plant and system, which it is necessary to construct within the limits of the municipality.

Both of these by-laws are necessary, for, without the Enabling By-law the Council has no authority to sign a contract for power with the Commission, and without the Money By-law the Council has not the necessary money with which to construct and install the necessary plant for distributing the power to the consumers.

All municipalities sign the same form of contract with the Commission. These contracts are for a period of 30 years, and under this contract, the municipalities agree to pay annually interest and sinking fund on a proportionate part of the cost of lands, stations, and equipment necessary to supply them with power, and to pay a proportionate part of the line loss and a share of the cost of operating, maintaining, repairing, renewing and insuring the said lines, stations and works; and to pay monthly as a minimum, for three-quarters of the power supplied and held in reserve; power to be measured and supplied on the basis of the greatest amount taken during any 20 consecutive minutes during any month.

Electric Light and Power at Cost

These are the main features of the contract which means that power is to be supplied to the municipalities at cost. The municipalities, in addition to paying for the cost of power at the source of supply, pay, in the rate per horse power charged, sufficient to cover all interest, operation and maintenance charges, and also sufficient to set aside a depreciation fund to renew and replace the lines and equipment, and keep same in first-class operating condition during the period of the contract; also to set aside a sinking fund sufficient to retire their share of the capital cost of the system in 30 years.

It has been stated that the Commission are overcharging the present users of power in that they are asked to pay for two systems in 30 years, instead of one, as the Renewal Fund charge ensures the system being in good operating condition at the end of 30 years, at which time the municipalities have sufficient money set aside, as depreciation fund, to provide a new system.

What "Cost" Means

I have stated that the municipalities' contract with the Commis-

sion is for power being supplied at cost, and you might rightly ask what is meant by "cost", as applied to this proposition. By the "Cost" I do not mean the cost only of power as purchased at the source of supply, but it also includes the interest charges, sinking fund charges, maintenance, operation, renewal, and other charges applicable to any business of this character, on the expenditures necessary to generate, transmit and deliver power to these municipalities, the whole being adjusted so as to ensure the discharge of the whole present indebtedness in 30 years, and, in addition, to set up a depreciation fund sufficient to install a new system when the present system is obsolete or worn out. So that the payment of "Cost" by the municipalities means paying for the present system, and perpetuating the system so that no additional debentures will ever have to be issued by the municipality for a new system.

And yet, in spite of these facts, many of our opponents state that the proposition is not financed on a sound basis, and that some of the charges are omitted in order to give low rates to enable the Commission to compete with privately owned companies, and that the whole scheme will eventually collapse like a house of cards, with disastrous results to the municipalities who have become involved in enormous expenditures, which will eventually mean their financial ruin.

At the Commission's own special request, the Provincial Government appointed an independent Auditor to audit the books of the Commission from the time of its inception to date, and these books are now audited monthly. The report of this independent Auditor has more than justified the soundness of the Commission methods of financing.

The Commission is appointed and controlled by the Provincial Government and is not, as some suppose, a separate independent body. It has no power to expend money or to undertake the construction of any plant or works without the authority of the Provincial Government. All the Commission's work is subject to Order-in-Council, and the Commission cannot borrow money or issue bonds without the authority of the Provincial Government, obtained by Order-in-Council.

The municipalities, in turn, are under the control of the Commission as far as the operation of their electrical plants are concerned and they cannot issue debentures or undertake any work without the approval of the Commission, so that, while the municipalities elect their own local commissions and purchase power from the Commission, owing and paying for their own plants, these plants and systems are operated under the supervision of the Commission. All rates for power, lighting and street lighting are fixed by the Commission, and these rates must be charged for the various classes of service without discrimination.

The Commission installs a standard system of book-keeping and accounting for each municipality, and frequent checks are made of the books of each local commission. Based on the Auditor's report at the end of each year, or oftener if found advisable, the rates are revised so that the revenue is just sufficient to meet all expenses, or as near that condition as is possible to obtain.

Each year the Commission makes an analysis of the operation of each municipal system to see that each branch of service pays its share of the cost of supplying service, and legislation provides that any surplus resulting from supplying power for waterworks, street railways, street lighting and other municipal utilities, must be refunded to the municipality each year. So that the old cry of our opponents "that abnormally high rates are charged for street lighting in order that service for power and light may be supplied below cost" is without foundation.

From a study of this scheme of operation, you will see that, while the municipalities who are partners in this scheme, own their own systems and operate them under the supervision and direction of the Provincial Commission, a change in the personnel of the local commission of any municipality does not change the policy of operating that system, or impair its operating efficiency.

The Results—A Splendid Success in Every Way

So much for the history and methods of management of the scheme, but the success of any undertaking is shown by results. Has this great municipal ownership scheme proved a success? Some poorly advised or partially informed people maintain that it is a failure, and say that the report of the independent auditor appointed by the Government is not satisfactory. If you invest money in an enterprise or business, you expect that business to expand and pay you dividends. If it does, you consider your investment a good one; if it does not, you consider your investment a failure. And why should not a publicly owned and operated enterprise be judged on the same basis as any other business? The following figures will show something of the growth of the system:

Growth of the System		
Year	No. of Municipalities served	No. of Customers Served
1912	28	34,967
1913	45	65,689
1914	69	96,744
1915	99	120,828
1916	128	148,782
1917	192	160,000
1919	235	180,000

The load on the Niagara System alone has increased in six years

from 750 horse power to 175,000 horse power. From one system supplying 14 municipalities in 1910, with a load of less than 1000 horse power, the scheme has grown so that at the present time the Commission is supplying 235 municipalities, having a joint population of over 1,200,000 people, served from 12 systems, owned and controlled by the Commission, supplying over 850,000 horse power to municipalities and customers.

Duties of the Commission have been greatly extended by legislation from time to time, until at the present time the Commission has in its employ a permanent staff of over 360 office engineers, over 600 engaged in office work, over 500 operators and repair men, and approximately 3000 men working on new construction work; each man being an expert in his own particular line of work. And now, in addition to advising on the electrical installation in the various municipalities, the Commission, when requested, gives expert engineering advice in connection with the installation of gas plants and waterworks systems, so that the Commission is now acting in an advisory capacity to the municipalities of the Province in connection with practically all public utilities so that from the stand point of growth of business even our enemies must admit that the scheme has proved a great success.

A 99 Million Dollar Public Property Without a Cent of Taxes

But what of the financial side? From an expenditure of \$3,-750,000 in 1910, when the first part of the first system was installed, the scheme has expanded and grown until now the total investment under the Commission's control amounts to approximately \$76,000,000.00; municipal investments in electrical plants and systems 23,000,000.00; total expenditure 99,000,000.00.

And not one cent of the charges on this enormous expenditure has ever had to be paid out of taxes by the people, all charges being included in rates charged for power and light.

I have already stated that the rate which the Commission charges the municipalities for power is based on actual cost and is adjusted annually by the Commission. As the load in the district increases, the cost of delivering power becomes less, and the municipalities pay for power at a lower rate per horse power. As an example, I will cite some of the cities and towns in Western Ontario:

Rates Per Horse Power Per Year

	1912	1913	1914	1915	1916	1917	1918
Toronto	\$18.50	\$15.00	\$15.00	\$15.00	\$14.50	\$14.50	\$14.50
London	28.00	24.00	23.00	23.00	22.00	21.00	19.00
St. Thomas	32.00	29.00	28.00	28.00	27.00	26.00	24.00
Port Credit	36.79	31.00	28.00	28.00	27.00	27.00	25.00
Ottawa	15.00	15.00	15.00	14.00	14.00	14.00	14.00
Guelph	25.00	22.00	21.00	21.00	20.00	20.00	19.00
Hamilton	17.00	16.00	15.00	15.00	14.00	14.00	14.00
St. Mary's	38.00	29.50	29.50	29.50	28.00	28.00	28.00
Waterdown	37.50	26.00	26.00	26.00	26.00	26.00	26.00
Waterloo	26.00	23.50	22.50	22.00	22.00	21.00	21.00
Hespeler	26.00	23.00	23.00	23.00	22.50	21.00	21.00

Compare these rates with the rates charged by private companies in Buffalo where the rates charged are as high as \$40.00 per horse power as compared with average rates to customers in Hamilton of \$12.70 per horse power per year over 60 miles from the source of supply.

The municipalities, in turn, with a reduction of cost of power and the addition of more customers and more efficient management, are able to reduce the cost of service to their customers and supply services at lower rates. As an example, I will cite the case of two of the towns just mentioned:

Year	Domestic Lighting			Commercial Lighting		
	Average Monthly Consumption	Average Monthly Bill.	Net Cost per Kw. hr.	Average Monthly Consumption	Average Monthly Bill	Net Cost per Kw. hr.
LONDON						
1913	17	\$.77	4.5c	125	\$3.63	3.0c
1914	18	.83	4.9	127	3.81	3.0
1915	21	.70	3.3	137	3.44	3.0
1916	25	.76	2.9	147	3.44	2.5
1917	31	.82	2.6	159	3.66	2.4
1918	32	.83	2.5	143	2.96	2.0
GUELPH						
1913	17	.87	5.2	67	3.38	5.2
1914	17	1.00	5.9	65	3.16	4.9
1915	18	.76	4.2	88	2.32	2.8
1916	20	.74	3.7	91	2.36	2.6
1917	23	.77	3.3	97	2.31	2.4
1918	24	.78	3.2	96	2.14	2.2

Electricity at 3 Cents—Saving 3 Millions a Year

The following table shows the comparison of the present rates in a number of municipalities with these in force at the time the Commission commenced operations:

Municipality	Domestic Lighting		Commercial Lighting	
	Rate per Kw. hr. prior to Hydro	Present Rate Per Kw. hr.	Rate per Kw. hr. Prior to Hydro	Present Rate Per hr.
Toronto	8c-25c meter rent	2.5c	12c-25c meter rent	2.2c
London	9c-25c meter rent	2.5	9c-25c meter rent	2.0
St. Thomas	11c	2.9	11c	1.7
Ottawa	7c-8c meter rent	2.3	7c-8c meter rent	2.1
Guelph	8c-25c meter rent	3.2	8c-15c meter rent	2.2
St. Mary's	9c-15c meter rent	3.6	9c-15c meter rent	3.4
Hamilton	8c-25c meter rent	2.3	8c meter rent	3.4
Waterloo	12c-25c meter rent	3.1	12c-25c meter rent	3.6
Hespeler	10c-15c meter rent	4.9	10c-15c meter rent	4.0

The estimated saving to lighting consumers supplied by the Commission over 1912 rates is approximately \$20,000,000.00 since the Commission first commenced operations, or approximately \$3,000,000.00 per year, but in spite of these indisputable figures, we still have our enemies—some through ignorance of the facts—

some who will not believe the facts when fairly placed before them—and others intelligent business men only partly informed as to the facts, but who think they are fully advised.

Chicago and Ontario Compared—9 vs 3 Cents per Kilowatt

In this latter class is Samuel Insull, President of the Commonwealth Edison Company, of this city, who, in an editorial in the "Electrical World" of July 26th, 1919, in an article entitled "Chicago and Ontario Operations Compared," sets forth certain statements regarding the relative status of public and private ownership, with particular reference to the Hydro-Electric Power Commission of Ontario and the Commonwealth Edison Company.

One of Mr. Insull's statements is the following: "I think that writers who discuss the important questions of public versus private operation of public utilities, should be very sure of their facts." This is a sensible observation, but its author evidently uses it here as a piece of good advice for advocates of public ownership and neglects to perceive that those advocates can justifiably use it as a "tu quoque" argument against himself in respect of some of the very statements which he himself makes.

Mr. Insull says "According to the Clarkson report it (The Hydro Electric Power Commission) charged up to the Province at large \$1,117,433 of power general expense which, if included as it should be, would increase the average residence rate by two thirds of a cents or to 3.78 cents."

This sum of money is made up of various items which are given in detail in the "Clarkson Report."

Mr. Insull in quoting this report should have been "very sure" of his facts by reading a little further, and should have quoted the following extracts also, as it almost immediately follows the above total and explains matters clearly.

Mr. Insull Should Be "Sure of His Facts"

"Of the expenditures so made and charged against the Province, those represented by items (b), (c), (d), and (e) cover services rendered for the Province; items (f), (g), (h), (i), and (j) cover expenditures which, had they not been made by the Commission, would have been incurred by the Government; item (o) represents the cost of equipment, the property of the Province and the benefit of the expenditures represented by items (a), (k), (l) and (m) must have been received partially or wholly by municipalities. The Commission was empowered to charge these expenditures to the Province. Had they been spread among the municipalities, the amount of all the other items would have been increased by the proportion which item (n) bears to the total of the other items."

It will be seen from the above that the expenditures are directly chargeable to the Province—for example, item (f) "Electrical Inspection" although it is under the jurisdiction of the Commission,

is most decidedly chargeable to the Province and not to the municipalities which are customers of the Commission, as it benefits the entire Province. Again in the case of item (b) "Hydrographic Surveys made for the Province" there would be no justification for charging this to the municipalities, it is work of the same character as is undertaken say, by the department of Mines in regard to mining work, or by a Public Service Commission.

When people possess a partial knowledge of any subject they frequently get an entirely erroneous view of it, and Mr. Insull is no exception in this respect in regard to the Hydro-Electric Power Commission.

In considering the work of this Commission it is generally, and perhaps naturally, assumed that its operations are the same as those of a large company supplying electric power in bulk; actually, however, the Commission not only takes care of the construction, operation and administration of a power system for the municipalities, but it acts also in the capacity of a Public Service Commission for the Government in matters that are fully explained in the Clarkson Report, as indicated by the extract from that Report which I have just read. This point is entirely overlooked by Mr. Insull.

Further, the Commission's undertaking, being one of public ownership, is so administered (in accordance with the legal powers assigned to it) that no profits are made; surpluses go back to the municipalities whence they originate, and therefore such items as go to make up the total sum given above are not chargeable to any particular power system or municipality, but to the Province.

The statement is made that the Commission does not pay out anything in taxes—this is incorrect as both the Commission and the Municipalities pay taxes on land in the same manner as do the private companies. This taxation problem is the "pons asinorum" of the men who think solely in terms of private ownership. Why should a publicly owned public utility be taxed like a privately owned one? Is not such taxation merely taking money out of one pocket to put it into another with the added disability that money is spent in doing so? Besides, as a public ownership undertaking is run at cost, if taxes be paid, the extra money required to pay them would have to come from the people in the form of increased rate of electric energy.

The private company is taxed because it is making money out of the people; a public ownership scheme is not taxed because it belongs to the people and is not making money out of them.

Mr. Insull states that it is not true to say that the opposition to municipal operation of public utilities is based merely on the repeated assertion that "public ownership wherever tried has been a failure" but that on the contrary this opposition is based on the facts of experience. He then proceeds to give reasons why the

rates for electric energy in Ontario are lower than those in Chicago; these reasons so far as they go are perfectly valid, but he neither states nor proves that the work of the Hydro-Electric Power Commission is a failure—he merely leaves it to the imagination that that is what he wishes his readers to infer.

Of course by taking out certain isolated figures and carefully ignoring explanations, one can prove almost anything, but that is neither a fair nor a reasonable way of doing things.

Mr. Insull also takes credit to the Commonwealth Edison Company for not having asked for an increase in rates in spite of the great increase in the cost of labor, fuel and apparatus he omits to mention that credit is equally due to the Hydro-Electric Power Commission for the same reason.

Mr. Insull also states that the Commission made a general increase in rates in 1918 which is absolutely contrary to facts for, instead of increasing the rates, there was a general decrease each year, even during the period of the war, and also in 1918, during which year Mr. Insull states there was a general increase.

He also states that "During the war emergency" the Ontario Commission was unable to fulfill its power contracts and supply sufficient power to its customers to a very serious extent, because of lack of reserve, while the Chicago Company, at all times, has supplied all the demands made upon it."

Mr. Insull is quite right in this statement, the Commission did have a shortage of power to supply its demands on the Niagara System during the year 1918, and I am quite sure that Mr. Insull knew the reason for that shortage, but as he has not made any reference to that reason in his article, if you will permit, I will give you the explanation:

In 1914 when Canada threw all her available men and resources into the great world war, the load on the Niagara System was more than 60,000 horse power. The increased demands for power for the manufacture of war munitions during that year brought these demands up to 82,000 horse power; in 1915 these demands increased to over 110,000 horse power; in 1916 to 150,000 horse power; in 1917, to 183,000 horse power; at which point the Commission's reserve supply was exhausted, and at that time the Commission was supplying over 80 per cent of its total available power supply to plants working on war munitions. Power supply to other industries was restricted by order of the Power Controller. Window lighting, sign lighting, and street lighting were cut down all over the system. Yes, Mr. Insull was right, the Commission was unable to fulfill its power contracts in 1918, but it managed to keep over 360 war munitions plants going in that year, with over 80 per cent of its total power supply.

This, gentlemen, is the statement that I wished to make in connection with Mr. Insull's article.

V. Publicly Owned Elevator, Storage and Terminal Facilities

THE PUBLICLY OWNED AND OPERATED TERMINALS OF SEATTLE

By T. S. Lippy

President of Port Commission of the Port of Seattle

We live in an age of specialization. Many years ago in our large cities the day of the general practitioner of medicine passed and the day of the specialist of some department of medicine came into vogue. We see the same process of specialization taking place in all the learned professions. Today not only the doctors, but also the lawyers, engineers and even architects and contractors are devoting themselves to specialized lines.

I think I hold the distinction of being President of the first municipal corporation in the United States, created to specialize wholly in harbor terminal facilities. In the leading ports on the Atlantic—New York, Philadelphia, Baltimore and Boston,—we find municipalities or the state governments owning valuable harbor terminals. These harbor terminals are either controlled by a sub-department of the city government, as is the case in New York, or controlled by a State Board of Harbor Commissioners, as is the case in Boston. The same is true of the Gulf Ports, altho the Port of New Orleans under the State Board of Harbor Commissioners has done some remarkable work in this specialized field.

On the Pacific Coast the public terminals at Los Angeles and San Francisco are under the control of the City Government or the State Board of Harbor Commissioners. It is true there is in Portland what is known as the Port of Portland, a separate municipal corporation, but this body has functioned almost entirely in improving the channel of the Willamette River from Portland to Astoria.

In Seattle, however, we have this most unique, most interesting and highly successful municipal corporation, created for the sole purpose of developing commerce and navigation. We might be spoken of as a municipal specialist just as one speaks in the profession of medicine of a nerve specialist or oculist.

This specialized form of municipal corporation is deserving of your attention because of the success, which has followed what was originally thought a bold and hazardous experiment. Today the eyes of the shipping and commercial world are centered upon

the Port organization methods at Seattle. Many of the leading authorities on port matters thruout the United States have gone so far as to predict that the royal road to success in harbor matters will lie in the future by creating just such specialized municipal corporations as the Port of Seattle.

Origin and Early History

If there is any prospect that the future may see in all large ocean ports the creation of municipalities similar to the Port of Seattle, specializing entirely on harbor development, the early history of how this new type of municipality came into being is worth relating.

To me it is a most interesting fact that no one man conceived this plan as one of the solutions for the much needed development of harbor and terminal improvements. A set of fortuitous circumstances rather than any great streak of genius resulted in such a specialized corporation being formed.

About the year 1907, R. H. Thompson, the City Engineer of the City of Seattle, went to Europe as a guest of Samuel Hill, son-in-law of the late J. J. Hill. It was the purpose of Mr. Thompson and Mr. Hill to make a study of the wonderful highway systems in European countries. While in Europe, Mr. Thompson was greatly impressed with the large sums of money that had been and were being expended for harbor improvements. As you are aware at that time and for ten years preceding, the great growth of commerce on the Atlantic had stimulated all the ports of Europe. Mr. Thompson found that London had spent for Port and Harbor improvements the sum of one hundred eighty-six million dollars, Liverpool one hundred twenty-five million, Hamburg one hundred million, and that there was hardly a European port of any consequence that had not spent or was not in the course of spending sums in amounts of thirty millions or upwards on harbor improvements.

At the time of Mr. Thompson's visit this subject was uppermost in the minds of the commercial and shipping world across the Atlantic. When thereafter he returned to Seattle he not only brought back a message on the subject of "Good Roads," but also on Port and Harbor Development. The subject was not without interest in Seattle for the prospect of the Pacific Ocean joining hands with the Atlantic by means of the Panama Canal was stimulating the imagination of the people of Seattle as well as those of the whole Coast.

Mr. Thompson requested Mr. Scott Calhoun, the Corporation Counsel of the City of Seattle, to draft legislation which would make provision for harbor development here. I believe I am correct in saying it was the original intention of both Mr. Thompson and Mr. Calhoun that this work of developing harbor terminal

should be in Seattle as it was in most other cities—a subsidiary part of the city government. Mr. Calhoun found, however, that if any such sums were to be raised for harbor development, as Mr. Thompson indicated, would have to be raised because of the lesson he had learned in Europe, the City of Seattle could not go far. We as a City had already nearly reached the constitutional limit placed by the constitution of the State on the issue of bonds. This limit is placed at five per cent of the assessed valuation of the property within the municipality.

Then came the idea of a new and separate municipality, created not as was the City of Seattle for government and city development purposes, but merely for harbor development. Mr. Thompson and Mr. Calhoun, who were working jointly on this matter, saw that by this means alone could sufficient funds be obtained. The original draft, therefore, of the present Port District Act was prepared and introduced into the 1909 legislature. The bill, however, was not passed until 1911.

Enabling Legislation Creates Separate Port District

This law provided that the residents of any City or County of the State, at which there is a natural harbor, may by vote establish a Port District. The boundaries of such District may include the whole or any part of the County. If the vote is favorable the new municipal corporation comes into being.

The powers of these specialized municipal corporations are very broad, being outlined in the legislative act. They provide in general for acquirement, construction, maintenance, operation, development and regulation of any and all systems of harbor improvements including terminal warehouses, cold storage plants, grain elevators, rail and water transfer and terminal facilities.

Seattle was the first City to take advantage of this law, and the Port of Seattle was created by vote of the people September 5th, 1911.

Shortly after the creation of the District, \$6,300,000.00 in bonds were authorized for harbor development. This sum was authorized in 1912, and no further amount was voted until December, 1918, when an additional issue of \$1,990,000.00 of bonds were authorized.

The proceeds of the first \$6,300,000.00 of bonds were used, except for some \$300,000.00 spent for ferries, in construction of six terminal units located at different points on the waterfront. Time will not permit the describing of these units in detail. The general plan has been to construct a pier with transit shed located thereon and to support this pier which is a transportation unit, with a warehouse or storage unit, i. e., each of our terminals consist of two units: (a) Transportation; (b) Storage.

The Smith's Cove Pier, which is at present the largest commercial ocean terminal in the United States, being used largely for trans-shipment of freight to and from the Orient, is not supported by a warehouse. The other terminals are all supported by warehouses, three of these being of concrete. In addition, one of the terminals is supported with a bulk grain elevator of 1,200,000 bushels capacity, that is connected directly with the pier by a conveyor system and can load bulk grain at the rate of 24,000 bushels an hour. Two of our other terminals are supported by cold storage plants.

We have all-told 16,800 lineal feet of ship berthage, which it is estimated will berth 36,880 tons ocean freighters at one time.

We have public open dock storage of nearly 800,000 square feet;

Transit and storage of 1,000,000 square feet;

Waterfront warehouse storage of 350,000 square feet;

Vegetable oil storage of nearly 1,000,000 gallons;

Cold storage capacity of 32,500 tons, which I am advised is the largest capacity on the Pacific Coast. The largest private cold storage in Seattle amounts to 9,000 tons.

We have specialized at all of our terminals on mechanical handling devices having mechanical handling equipment of the value of approximately \$1,000,000.00 which is in almost constant use.

We are particularly proud of Smith's Cove Pier "A", which as I have stated is the largest single commercial ocean terminal in the United States. This pier is 310 feet wide and 2,543 ft. long, or practically half a mile. It has a berthing capacity of seven large ocean going vessels and in actual practice has accommodated six over-seas vessels, loading and discharging cargo at one and the same time.

During the year 1918, over 60,000 tons of freight were handled over this pier and a net profit was made from this operation of \$378,000.00 after all operating and maintenance charges, including depreciation, were paid.

This pier has been so successful that we are now duplicating it by the construction of the new Smith's Cove Pier "B". This pier will be 365 ft. wide or 55 ft. wider than Smith's Cove Pier "A", and 2560 ft. long. It will cost when completed two and a half million dollars, and we contemplate equipping it with the most modern handling device, including two gantry cranes of the bridge type, which will cost us approximately \$80,000.00 each. These cranes will have a 12½ ton capacity and be located one on each side of the open wharf section.

We also plan to construct on the new Smith's Cove Pier "B" the most up-to-date and most modern passenger accommodations. We are now negotiating with the Nippon Yusen Kaisha and hope to secure that company's vessels for this new terminal. As you

probably know, the Nippon Yusen Kaisha is the largest Japanese Steamship Company and is one of the largest steamship companies in the world at the present time in the point of tonnage, owning over 500,000 tonnage. The N. Y. K. also operates one of the largest shipbuilding concerns in the world. This company contemplates placing on the Seattle-Kobe run several combined passenger and freight vessels of 20,000 tons capacity each.

Large ocean terminals like those at Smith's Cove appeal strongly to companies operating these great carriers of 15,000 tons and over. This is a factor which should not be overlooked by any concern, private or public, which contemplates building ocean terminals. The day of the freighter with capacity of less than 10,000 tons is rapidly passing. The United States Shipping Board has gone on record in favor of freighters from 12,000 to 16,000 tons, and the increasing cost of labor and other cost factors in operation, make the large carrier almost a necessity. The best authorities predict that the ocean carriers of the future will not be less than 15,000 tons and that on well established routes, a combined freight and passenger type with a capacity as high as 40,000 tons will be so common as to no longer constitute an exception.

One of the most distinctive features of the Port District of the Port of Seattle is the public operation of these six terminal units. The Port Commission is directly operating these terminals in exactly the same manner as a private corporation would. In the early history of the Port, we were told that public operation would be costly and inefficient. However, we believe we have an organization which operates these terminals as efficiently as any private concern engaged in a similar enterprise. You will be interested to know the financial results of this public operation:

Net Profit of \$640,942 A Year

The years 1912-13 and 14 were years of planning and construction. In 1915, our terminals were practically completed. During the years 1915 and 16, the terminals were operated at a loss, that is the earnings failed to pay for the operation, maintenance and interest obligations. In the year 1917, the revenues of the District exceeded the disbursements by the sum of \$71,000.00. This was a profit after all obligations of every kind had been paid. It did not include any sum charged off for depreciation. As a matter of fact, the properties of the Port District were built at a time when labor and material were both comparatively cheap, and our Engineering Department estimates the value of the properties have appreciated rather than depreciated since construction. However, in 1918, we did charge off the sum of \$88,391.32 for depreciation. That year, the total earnings of

the Port District were \$2,451,142.37; the total expenses were \$1,810,199.47. In this item of expense is included all expense of operation, salaries, wages, supplies, maintenance, interest on bonds and the sum above mentioned for depreciation. Thus in 1918, the Port made a total net gain of \$640,942.90, a net profit in excess of 10 per cent on the original sum of \$6,000,000.00.

The profit for the first eight months of this year after paying all expenses, interest obligations and depreciation, is \$246,546.06. We have before us the four most profitable months of the year, and while we do not expect our profit to equal the mark of \$640,000.00 of 1918, it is probable our net profit for this year will be around \$400,000.00.

It will interest you to know that the \$640,000.00 profit of 1918, and the \$246,000.00 so far in 1919, nearly \$900,000.00 in all, has gone into further improvements and betterments. With these funds we have constructed one large additional warehouse, for the storage of salmon, having a capacity of 750,000 cases. Last year, this warehouse was filled with salmon before the roof was on. Some of these profits will go into the completion and equipment of the new Smith's Cove Pier "B." I think you will agree with me that this specialized municipality, unique in that it has no duplicate in the United States, has had an unprecedented success. In this latter connection, I would point out to you that the Washington Customs District, of which Seattle is the principal port, has stood for two years last past second only to New York in the value of its foreign trade. Outside of Tacoma, there is no port in Washington Customs District that has any foreign trade of any moment. It is safe to say that about 80 per cent of all the trade through the Customs District passes through Seattle. The publicly owned docks under the control of the Port Commission have handled during 1918, 60 per cent of this commerce. The following table from the United States Customs reports shows the standing of the 10 leading ports of the United States for the year 1918:

Comparison of Foreign Trade of Principal Ports of the United States 1918

(Taken from monthly summary of Foreign Commerce of the United States Department of Commerce)

	Imports	Exports	Total
1. New York (New York)	\$1,294,414,573	\$2,561,897,978	\$3,856,312,551
2. Washington (SEATTLE)	300,954,076	296,195,720	597,149,796
3. Philadelphia (Pennsylvania)	115,014,331	425,068,004	540,082,335
4. New Orleans (Louisiana)	124,258,353	399,996,933	524,255,286
5. Massachusetts (Boston)	295,911,587	220,526,900	516,438,487
6. San Francisco (California)	245,519,564	214,728,701	460,248,265
7. Michigan (Detroit)	57,230,274	379,157,684	436,387,958
8. Maryland (Baltimore)	35,982,665	300,717,118	335,699,783
9. Buffalo (New York)	99,911,649	208,340,337	308,251,886
10. Galveston, (Texas)	14,012,985	226,833,740	240,846,725
11. Southern California (Los Angeles)	9,417,371	6,781,135	16,198,506
12. Oregon (Portland)	3,799,424	15,076,165	18,875,589

While the Port Commission does not claim that the publicly owned terminals I have described were responsible for this trade coming to Seattle, we do claim that it made the development of that trade possible. We realize fully that without these splendid terminals, the vast ocean commerce that has flowed through our port would probably have had to seek other gateways.

The above figures are for foreign trade only. Seattle's total trade, foreign and domestic, taking Seattle by itself, i. e. not including Tacoma and other Puget Sound Ports, had a value in 1918, of \$792,120,736.00, that is \$1,555.00 a minute; \$90,000.00 an hour; \$2,100,000.00 a day; \$66,000,000.00 a month.

I will now speak briefly on two subjects of special importance taking a leaf out of our own book of experience. First, on the general planning of port development; and second, on best types of construction for modern piers.

General Planning For Port Development.

Several general principles have been formulated for the development of a first-class seaport, such as deep and ample channels to the sea, accessibility to an extensive agricultural and industrial territory. Equally important is the proper location of the harbor lines, the establishment of public waterways, a wide waterfront marginal street paralleling the waterfront and a terminal railway. These principles should be of first consideration, as they form the foundation upon which is developed an efficient terminal and industrial system.

A port terminal, to the average person, means wharves and docks. As a matter of fact, a wharf or pier is more or less a detail in a general terminal scheme. The complete port terminal system is a combination of wharves, transit sheds, warehouses, railway tracks, marginal streets, and all the facilities that have to do with the transfer of commodities between land and water carriers. Each of the facilities mentioned is a detail unit which, to be fully efficient, must be co-ordinated with other units, so as to make of the whole a well-balanced terminal system. The articulation of the waterfront with railroads, warehouses, and industrial sites, is of particular importance.

The modern port terminal should comprise not merely a group of well designed and equipped wharves, but it should have good waterside warehouse provisions as close to the transit shed as possible to decrease the distance of trucking the cargo for storage. The space between the transit shed and warehouses should be taken up with only sufficient trackage to accommodate both facilities. The most important requirement of this layout, and which should be emphasized, is that the long dimension of the warehouse should parallel the long dimension of the transit shed. These warehouses will take care of the overflow cargo held pend-

ing the arrival of ships or be used for storage on account of delayed delivery through the tributary country. In this group of warehouses should be found cold storage facilities in order to retain the perishable commodities until ready for market. Sufficient streets of access to and from the piers should be constructed with good grades for vehicular traffic in distributing freight locally and also land areas provided for the future location of industrial establishments nearby the warehouse and terminals, from the piers of which they could expect to import their raw materials and in turn export their surplus output of manufactured goods at a minimum rehandling cost. It is a well known fact that a general terminal plan without adequate railroad facilities for receiving and handling freight is useless. The intimate physical relation between the railroads and the waterfront, and its facilities for the prompt interchange of freight between the piers and all the railroads entering the City practically means a terminal railway.

Economical freight handling equipment is one of the most essential requirements of the modern port, and the necessity for more efficient methods of handling freight at marine terminals is increasing daily, and is due in a large measure to the passing of cheap labor and the increasing proportion of time lost in terminals as compared with the time consumed between terminals. To offset rising costs, not only the cost of handling must be reduced, but more freight must be handled in a given space than ever before in order to reduce the liability of congestion resulting from the increased amount to be handled. As the terminal acts as a sort of elastic reservoir between carriers, its area must be utilized to as large an extent as possible in order to reduce the terminal charges by reducing the overhead, and to reduce the time element so as to keep the ratio of time during which the carrier is detailed at the terminal to the time consumed between terminals as low as possible, thus increasing the returns on the carrier itself.

Best Type of Construction For Modern Piers and Wharves.

The development of modern marine transportation has necessitated the corresponding development of marine terminals. This has meant piers and pier sheds of greatly increased size, heavier construction, fire resisting qualities, and equipped with extensive freight handling equipment. Since there is a tendency for ships to increase their freight carrying capacity by adding to their length and beam, the effect is to require wider piers and sheds of greater capacity than have been constructed in the past. Although the Port Commission sheds are even wider than the majority of the privately owned piers along the waterfront, we consider that the 90 or 100 feet is not sufficient width and that 120

feet would be the proper width for such a shed. Since an 8,800 ton vessel requires approximately 60,000 square feet of floor space a 120-foot shed would accommodate such a vessel to good advantage. A shed wider than this would cause an increase in the cost of handling, due to the fact that cargo would have to be trucked a greater distance than necessary. Assuming that the length and physical construction of the quay wharf is fixed by the length of the vessel it is to berth, a pier should have double its capacity, since a pier may be considered as two quays placed back to back, and take care of double the number of ships. Here-
tofore, it has been the custom to construct a pier wharf the same size as a quay wharf, when, as has been pointed out, it should be twice the size.

Two-Story Transit Sheds

The Port Commission in the construction of its latest transit sheds has adopted the two-story plan, and this type of construction should most certainly be carried out in the future. As valuable a piece of waterfront as the wharf and transit shed is constructed upon, it should be recognized that this area should be put to fullest use possible. The additional cost for providing heavier foundations to carry a second floor is comparatively small compared with the additional space gained. If a mechanical freight handling equipment would permit a third floor to be as adaptable for the transfer and short time storage of transit freight then it would be advisable to make such an addition. At present the Port Commission is adding mechanical equipment in order to place the second floor on a par with the first floor, and, in fact, with the aid of gravity wooden or steel chutes, loading out can be done cheaper from the second floor to car or ship than from first floor. The two rows of posts necessary to support the second floor are not an objectional feature at all. They do not interfere with trucking, and the electric tractors with their four-wheel drive and steer make the sharp turns with ease. A very grave mistake has been made in some of the large ports, especially those with limited waterfront, in the adoption of the one-story shed idea. In the past year a noted eastern terminal engineer designed and constructed a terminal with a high ceiling one-story transit shed sixty feet in width in order to accommodate an overhead mechanical freight handling device, thus decreasing instead of increasing the capacity of shed room to meet the demands of present day modern freighters. From experience, we should realize that it is only possible to load a very small percentage of a ship's cargo direct from ship to car, even with the best of track facilities. The cargo has to be sorted, and there is a limit to trackage along side shed so that adequate space is needed to take care of this transit freight.

Why Timber Docks and Concrete Warehouses Are Preferable

The trend of modern port construction is to the wooden type of dock and concrete warehouse. Before a port terminal is improved there is always an agitation for concrete docks, especially when funds have been voted for improvements by a municipality, the public generally making a strong plea and many engineers contending that it should be used, thereby making a more substantial and permanent structure. But even so, wooden docks are still being constructed, and even those ports which have built the expensive concrete type have in many cases changed their construction to wood, recognizing the value of the latter. Port engineers have been sent on extensive trips to ascertain the best type of construction, and generally come back strongly convinced that wooden docks are the best and recommended such, as in the case of Los Angeles. Their engineer was sent to all the important ports of the United States to make an investigation regarding the type of construction that Los Angeles should use in her terminal facilities. He came back and made a very complete report and advocated strongly the use of the timber dock. The people of Los Angeles were very hard to convince, and his recommendation was finally not fully adopted, but a compromise was made and docks were constructed only partly of concrete. In Seattle a thorough investigation was made before building the Port Commission Terminals, and timber wharves on creosoted pile foundations, carrying freight sheds of timber frame with board walls covered with corrugated iron, and wooden roofs covered with tar and gravel or other fire retarding roofing, were decided upon. A good argument in favor of the cheaper creosoted pile and timber construction is that in case of fire the loss to such a dock would not be so great and there would be some salvage, while in a concrete structure there would be scarcely any and the cost of wrecking the latter would be expensive. There is not a doubt that there are advantages in the concrete structure, which we should all recognize. The insurance rate on a concrete structure is, of course, lower, and I am informed by the State Insurance Rating Bureau it is approximately one-half of the rate on a timber wharf. The maintenance cost of a concrete structure is also lower than that of a timber building, and in the middle west and eastern territory they are compelled to pay more for lumber, probably three times as much in some cities, so that the difference in cost between the timber and concrete structure is much less. Again, in some tropical ports, such as Honolulu, the marine borer is much more prevalent than here, and even creosoted piles are very short lived. However, the advantages of the timber wharf in Seattle should over-rule the advantages of the more permanent structure. Wharves and transit sheds as have been built by the

Port Commission, will have a life of probably twenty-five or thirty years, which is about the economical useful life of such a structure, while in that time a concrete dock may become antiquated, since conditions of water transportation and mechanical freight handling equipment for the quick dispatch of cargo are constantly changing. Then again at some time in the future, when labor costs rise to such a level that the shipper will make a radical change from the present day methods, ships will be loaded in a systematic manner, in fact loaded in the same manner that they are unloaded, so that instead of several markings in one sling there will be only one marking. A one package continuous conveyor may be employed for cargoes of the same commodity or even the handling of some mixed freight. There are new mechanical appliances being experimented with every day in order to decrease the handling cost. In time, it may be only five years, some very efficient handling device may be perfected to take care of mixed freight. It may be that this new handling device could not be installed in a concrete structure, making same obsolete, whereas in the timber structure necessary changes might be made to take care of same, or on account of the labor saving, it might even pay to dismantle the structure and erect one suitable to the mechanical handling device. Too much emphasis cannot be put on this argument for timber docks. There are several European concrete docks which are not in use on account of them not being adaptable for improved mechanical handling equipment.

Time will not permit my going into detail regarding the six terminal units of the Port District of the Port of Seattle. Believing however it may be of value to have some of this detail a part of the permanent records of your association, I am appending herewith, marked exhibit 'A' a statement showing the costs of the various terminals.*

I am also attaching herewith, marked exhibit 'B' a map of the harbor of Seattle upon which you will find a key showing the location of all the public properties owned and operated by this municipal corporation.*

In conclusion I wish to emphasize again that the Port District is the most unique public corporation of its kind, in that it specializes wholly on this one subject of ocean terminals. As pointed out we have come to regard such terminals as not complete unless we have piers for handling of freight, and back of these piers ware houses, elevators and cold storage plants all located upon the tide-water, acting as feeders and supporters of the pier or transportation unit.

In 1918 we handled over our ocean piers in excess of a million and a half tons of freight, and in the year 1916 and 1918 inclusive we stored in our warehouses and cold storage plants approximately

(*) These exhibits are on file in the library of the Public Ownership League.

two and a half million tons of various commodities. This storage included all kinds of foodstuffs, and also machinery, automobiles and raw materials such as rubber, copper and tin. We have also stored large quantities of furs coming from Alaska and Siberia in our cold storage plants.

Efficient "Public Ownership"

As stated all of these ocean terminals, including the piers and warehouses are publicly owned, but more important they are publicly operated. The three Port Commissioners, elected by the people of the district, serve in a capacity to that of director in a large business corporation. We determine questions of general policy, but like most successful business institutions, we employ a staff of trained men to operate the properties. The question always arises, "Can the public operate a business of this kind, having a gross turnover of two and a half million dollars a year, as efficient as a private institution?" We believe we have demonstrated that we can operate these public terminals as a going business concern with an efficiency equal to that of any private corporation of the same size and character. In fact this is today the almost unanimous verdict of the business patrons of the Port District. I am free to confess that this was not the case in the beginning, but today the whole business public of Seattle are standing enthusiastically behind the Port Commission, and you will find very few men who would advocate any other policy than the public operation of these terminals.

There is one interesting fact which is well worthy of notice. As you know in a great port like Seattle, many difficult problems arise. These problems center about the fourfold relation of the rail carriers, the water carriers, dock operators and the shippers. Complex questions respecting ocean rates, railroad rates, terminal charges and absorption require constructive, though active co-operation between all parties. It is a significant fact that the Port Commission in charge of the public properties have come to occupy a very high position in respect to the solution to these complex questions, and act as a mediator in bringing these interests together when points of conflict arise. This is a subject upon which one might deliver a whole paper. Suffice it to say that these competing private interests feel that the Port Commission operating a public institution, has a more disinterested view point than that of any private interests. This arises from the fact that the public which the Port Commission represents does not exist primarily for profit but for service. Its object is to own and operate a system of terminals for the up building of the commerce thru Seattle. Considering we have been looked upon as a disinterested body representing the public interests rather than a private one, we have been instrumental in bringing about the solution of many

difficult questions, and I feel that in the future this will be one of the great services which this public corporation will render.

I wish to assure you that it has been a pleasure to be present on this occasion. You all know of the hospitality of the west, so it is unnecessary for me to assure you that the latch string is always out and if any of you have occasion to visit Seattle do not overlook calling at the general offices of the Port Commission. We will be only too glad to take you over our properties and give you an actual demonstration of the success of public ownership and operation in this most interesting field.

Note: For further discussion of public elevators, storage facilities, etc., see address of Governor Lynn J. Frazier.

VI. Money and Credits

NATIONALIZATION OF MONEY AND CREDITS

By Cornelia Steketee Hulst, A. M., M. Pd.

In 1816, Thomas Jefferson, former President, writing to George Logan, said, "I hope we shall crush in its birth the aristocracy of the moneyed corporations, which dare already to challenge our Government to trial of strength and bid defiance to the laws of our country"; to James Monroe he wrote, "We are completely saddled and bridled, and the Bank is so firmly mounted on us that we must go where they ill guide" and to John Tyler, "Banking institutions are more dangerous than standing armies."

This testimony of our first great democratic President is fully borne out by the testimony of President Wilson as to conditions in 1910, given in his book, "The New Freedom", showing that we are suffering now from money domination to an extent that few of us had dreamed of, and that many have been ruined because they did not support, or yield to centralized Money:

President Wilson Describes Money Power

"Since I entered politics I have chiefly had men's views confided to me privately. Some of the biggest men in the United States, in the field of commerce and manufacture, are afraid of somebody, are afraid of something. They know that there is a power somewhere so organized, so subtle, so watchful, so interlocked, so pervasive, that they had better not speak above their breath when they speak in condemnation."

The methods by which this Money Power operates to strike ter-

ror into even these "biggest men in the field of commerce and manufacture" are also shown in "The New Freedom":

"The dominating danger in this land is not the existence of great individual combinations—that is danger enough in all conscience—but the combination of combinations, of the railways, the manufacturing enterprises, the great mining projects, the great enterprises for the development of the water-powers of the country, threaded together in the personnel of a series of boards of directors into a 'community of interests' more formidable than any conceivable combination that dare appear in the open (p. 187).

"There has come about an extraordinary and very sinister concentration in the control of the business of this country. . . It is more important still that the control of the credit also has become dangerously centralized. It is the mere truth to say that the financial resources of this country are not at the command of those who do not submit to the direction and domination of small groups of capitalists. The great monopoly in this country is the monopoly of big credits. So long as that exists our old variety of freedom and individual energy of development are out of the question (pp. 184-185).

"I have seen men who, as they expressed it, were 'put out of business by Wall Street,' because Wall Street found them inconvenient and didn't want their competition (p. 186).

"I cannot tell you how many men of business, how many important men of business, have communicated their real opinion about the situation in the United States to me privately and confidentially. They are afraid to make their real opinions known publicly; they tell them to me behind their hands (p. 258).

"We have been dreading all along the time when the combined power of high finance would be greater than the power of the government. Have we come to a time when the President of the United States, or any man who wishes to be the President, must doff his cap in the presence of this high finance, and say, "You are our inevitable master, but we will see how we can make the best of it?" (p.200).

"We have not one or two, but many fields of endeavor into which it is difficult, if not impossible, for the independent man to enter. We have restricted opportunity, we have controlled development, and we have come to be one of the worst ruled, one of the most completely controlled and dominated governments in the civilized world—no longer a government by conviction and the vote of the majority, but a government by the opinion and the duress of a small group of dominant men (p. 201)."

It is not necessary to add anything to this analysis. If this was

true in 1910, when "The New Freedom" was written, it is doubly true today, and we have seen many proofs of it in the past ten years. The nationalization of money and credits is the most important question facing the modern world.

How did we get into this plight? and what can we do about it? These are the important questions that will have to be answered before the campaign of 1920, or left unsolved at our peril. Money is the conjuring wand with which the enchanter of the Money Power compel the modern world to do their bidding, and until it is taken from the hands of the bankers and restored to the Nation we shall not be able to win back the freedom which has been taken from us, to make advance, or progress, even if Land in all of its forms, including Mines, Oilfields, as well as other resources and natural monopolies should become national property, important as that would be.

How The Banking Trust Began

First let us look to the history of our Money. In earlier times Money was national in all of the modern nations, that is, the national Treasury received all profits on Coinage, Exchange, and regulation of circulation, and spent them for national purposes; but in 1666 the thin edge of a wedge was driven in, to pass Money into private and corporation control, to the great enrichment of certain classes and the impoverishment of the people. This happened in England just after the Puritans failed, under Cromwell, to abolish Kings and establish a Commonwealth, and when the most corrupt of the Stuart Kings, Charles II had been recalled to the Throne. The nobles, landlords, and corporation men of the time were working together as a "Ring" and each of the conspiring parties was enriched by the legislation that they passed: the landlords were able to keep the land that they had fenced in from the peoples' Commons and to collect rent on it from its former unpaid owners ever after; the burden of feudal taxes was taken from the nobles and laid on the people in the form of indirect levies on things that the people use, so raising the cost of their living; and the octopus corporation of that day was given a limited "right" to coin money and ship money out of the kingdom. For his consent to these laws the King was given a larger income to be paid out of taxes collected from the people. Gradually the control, and issue, and profits on Money were taken away from the Treasury and given over to "bankers" as they now began to be called, and all of this was accomplished without letting the people know how important it was or what it involved for the future. The bankers have given an impression that Money is a difficult matter which common people could not understand, but even a stupid man should be able to see that they were shifting what should have been public profits into their own private pockets.

This change involved the building up of an unproductive mon-

eyed class, in which groups, or "corporations" would soon control both the money and business of the country for their own profit and, acting together through "community of interest" also control politics and dominate those "below", a silent Revolution of tremendous importance. Before the end of that century the Bank of England was formed, the real power behind the throne, which Parliament and Kings obey, also the ways by which people have been made to pay greater and greater sums of interest on "bonded and "funded" debts have been increased, and more people have been able to live without useful labor.

The English Mint Law of 1666-1667, with later additions, was made the law of the United States in 1792 under the influence of Hamilton, who believed in building up a privileged class, and has been copied in all of the great modern nations, establishing the modern bad system of banking and business—we have only to compare it with the system of national money in Greece in the period of her greater glory to see how much we have lost by the change. Under Solon, Athens adopted the system of national Money at a time when she was threatened with class war, a small class having usurped the control and profits of her Money for a time to the impoverishment of the rest, and when her Treasury was filled with the profits again that they had been diverting to themselves, she began her Golden Age, with kinds of development never equalled in the modern world. By our system, or lack of system, untold sums have been paid by the people to those who have not worked for them, in the form of "dividends," "discounts," "water" poured into "stock", windfalls from speculation, and the mere dishonest juggling that has come to be known as "frenzied finance". Has the present system of private and corporation money, which began in political corruption, justified itself in benefits that it has conferred on the nations as a whole? Have the old wrongs become right? and are legal privileges that were secured by corruption really "rights"?

What The People Lose Through Private Banking

The answer to all of these questions seems to be, No, especially when we look to the signs of our times and find all of the modern nations living in daily fear of class war, the many in poverty, dependence, and restricted opportunity, while the few have excessive riches and exercise unreasoning domination. These are results which threaten civilization itself and imperil the future of the white race. Evils equally alarming are seen in the world of the spirit: an excessive regard for money, increasing scaly means of acquiring it, and hardened disregard of human health, decency, and beauty. In London, where Ruskin and Morris worked through two generations for a hearing for social justice, witness the housing conditions, and these could be matched in other cities, per-

haps in New York and Chicago. And it is not only among the poor that the vices thrive, but they fatten also on the ill gotten gains among the "upper class" degenerates. If we wish to do so we can change our system easily, for it was never written into our constitution, which gives to congress the power to make and control money.

Let us examine a few of the points in the history of Money, in which the people have lost as the few have gained, to see something of what we shall have to reconstruct.

(1) Until the end of the 17th century many expenses of administration had been paid in England by "tallies", issued directly from the Treasury, and these circulated as money and finally returned to the Treasury in payment of taxes, having cost the public no interest in any form. The Banks retired tallies as soon as it obtained the power to do so, replacing them with their own paper notes, on which they could draw interest, for they lend their paper notes to business men who wish to borrow, and these charge buyers enough for their product to pay the interest charge. So the public pay. Our "greenbacks" were like these "tallies," costing the public no interest in any form, and vast sums in interest would be saved to the public if "greenbacks" were issued directly from the Treasury to pay many public expenses. If each year just enough was issued to equal the national gain in riches, the currency would remain stable, the purchasing power of its units remaining the same. When less is issued than the nation's gains, there will be too few dollars in relation to the things to be purchased, the currency will be relatively contracted, money will be harder to get to pay debts, and a panic may occur, in which many will have to sell at low price and lose by foreclosure, but those who have money can buy more than is just with it. This is a hardship to all except those who are rich. Some panics have been made deliberately by artificially contracting the amount of money in circulation. It is clear that to prevent this evil government control would be better than private.

(2) In earlier times the government charged at the mints a reasonable sum to cover the cost of coining, and the profits went to the Treasury, an advantage to the people, to be spent for public needs. This charge, called seignorage, was abolished by a law which established "free coinage", a fair name to cover foul wrong for under this law the government pays all of the expenses and the private individuals make all of the profits of coining. The name of "free" was given doubtless in camouflage, to create an illusion that the people are free, whereas they are only free to pay millions a year.

(3) When money is deposited in a bank for safe keeping, the bank makes profits by lending a large part of it, keeping on hand only enough to permit depositors to draw cheques against their

accounts, for experience has shown that relatively only a small amount will be called for. If our Postal Savings opened a department for such checquing accounts, it would be a double advantage to the public, for the surplus funds could be used for public purposes. This would also reduce the speculative ventures in banks, for it is largely with depositors' money that speculation is done by banks at present.

They Get Us Going And Coming

(4) By our system of issuing money through Banks of Issue, the bankers are permitted to profit twice, (a) on the interest-bearing securities which they deposit in government vaults in order to receive the new issues, (b) on the new issues, which the treasury gives them gratis when they deposit their securities, and which they lend to best advantage. The public pays interest twice, (1) on the bonds, (2) on the issue, for the interest which the man who borrows pays the banker he will add to the price of the articles he sells, and collect from the people, adding to the cost of their living. If the government put its new issues into circulation paying expenses, it would make a double saving, (1) it would not have to borrow so much on bonds, (2) it might even draw interest, lending on farm mortgages, and the like.

(5) In earlier days, all profits on bills of exchange and for foreign trade were to the advantage of the nation, being issued only from the Treasury. This right to control exchange should be resumed. Lower rates would give a better service under national control.

(6) It is extremely important that the body of money be stable in a nation, neither contracted nor inflated. If it is contracted, as we have seen, there is danger of panic, and those who have money will be able to buy more than is just; if it is inflated, each dollar will buy less than before inflation occurred, a very great hardship to those who live on fixed wages or on their savings, as we realize to-day, when inflation has occurred by heavy issues from the Federal Reserve banks and through the issue of Liberty Bonds, which also pass as money. Too many dollars are now in circulation in proportion to the things to be bought. Here we see again the need of government control. Our system has been called the automatic system—camouflage is certainly no new invention. How far it is from being controlled, not to speak of automatic, will be seen in the following, quoted from Del Mar's "Science of Money":

"It is neither a system, nor is it automatic. So far as the State is concerned, it consists in leaving the supplies of money to depend upon the following circumstances: (1) the chances of mining discovery; (2) the opening and working of mines; (3) the product-

ivity of mines; (4) the ownership and transfer of mines it being clear that when they are owned by aliens as is the case today with many of the mines in America and South Africa, their product is no more available for the native mints than is any other metal owned abroad; (5) the demand for the precious metals in the arts; (6) the demand for such metals for exports; (7) the wear and tear of coins, a circumstance that depends as much upon the emissions and denominations of paper money as upon the emissions and size of coins; (8) the loss of coins by accident and hoarding; (9) the mint laws; (10) the intrigues of the money-lending class, which now includes not merely millionaires, but sometimes ambassadors and ministers of state, and in a few instances reigning sovereigns in their private capacity, and the members of their families.

"This is not system; it is a lottery, employed by money-lenders who play the game with loaded dice. There is nothing automatic about it."

Verily, to satisfy the demands of Justice, we need a system of public and national bookkeeping, to show whether our money is contracted, stable or inflated. To some extent, our Government does still control when it desires, as it did before this War, when many of our bankers were hoarding money with the expectation of taking advantage of the stringency that they were creating. Those who were hoarding were ordered to discontinue then.

(7) If Money should be nationalized and accounts made public, many of the other abuses of our time would be corrected, or largely corrected, among them that of usury. In 1915 our Comptroller of the Currency reported, "The sworn statements of condition of a great many of the national banks show that Sec. 5197 United States Revised Codes has been grossly violated by these banks", (i. e., the one on usury) and the report shows that about one out of three were charging more than legal rates, these ranging upward to 2400 per cent.

(8) The legal "right" to issue large amounts of money in bills simply because a bank has deposited some reasonably profitable securities in the treasury, and the "right" to lend private depositors' money lead bankers to lend heavily where returns will be high and it has come to pass that therefore a large part of the business done today is on credit, on a speculative basis, that a large proportion of failures occur, and that the social body is in a generally unhealthy state. Stock companies, selling their stock through the bank, are often 90 per cent "water" and many are far higher. This "watering" of stock and paying dividends on the "water" are characteristic forms of usury in our day, and this has become a grievous wrong to the people, especially when operated in connection with the public utilities, which are by nature monopolies essential to all, for here the exactions are levied upon every person, even the poorest. Railway, mining, oil stock are a kind of a first

mortgage upon the nation and their levy is like a poll tax, regarding not rich or poor. At a famous financier's estimate, the railways are paying annual dividends of 50 per cent as estimated on the amount actually expended on development, excluding "water" and speculative values; and some mines and oil exact much more.

(9) Attending these practices of banks and the corporations operating through them, various other evils have risen, as, the limiting of individual freedom of action and speech through the secret domination of the small group of central bankers. The great banks in New York learned how to "put the screws" on bankers and business men "below" driving them out of business or ruining them. One method by which this is done, is by denying clearing house privileges. Consequently, the tendency to "take orders from above" and "stand solid" with the system. If a bank "above" casts doubt upon a bank "below" and denies it clearing house privileges, its depositors will fear for their money and begin a "run". Even though it is in good condition, it can not stand this, and many a great bank, as was the Knickerbocker Trust Company of New York, will be ruined. The history of banking in the United States furnishes numerous instances of undesired banks being ruined in much the same way.

Some of the serious evils that accompany our system of private and corporation banking are seen in the opinions that have been given for the failure of that great bank:

(a) To bring vast sums from Europe to New York by panicky sale of American securities abroad (vast sums were brought in that way at that time);

(b) To secure the use of federal funds gratis for the Big Bankers of New York (the bankers did secure federal funds from President Roosevelt to their great gain);

(c) To enable Mr. Morgan to get possession of the Tennessee Coal and Iron Company, which had refused his overtures to amalgamate with the Steel Corporation, and whose shares were carried by the Knickerbocker Trust (Mr. Morgan did get that Company);

(d) To give Congress an object lesson not to meddle with big banking, which members of congress along with common people, are not supposed to understand;

(e) To demonstrate to Congress and the public how valuable an "elastic" system would be to avoid panics, with a view to securing a new law giving greater power to the central bankers;

(f) To give an object lesson to bankers, which should also be a warning not to go against Morgan. Since then bankers have not even lifted their voices in wholesome criticism or suggestion when invited to do so, and, in general, they are as far from safe as they are far from free unless they stand "solid" with the system. When the retail coal dealer did not sell according to the schedule furnished from 'above' by the coal "barons" and found that the railways

delayed delivering his coal, he found that he was also embarrassed in the banks the next time he applied for credit; as "The New Freedom" phrases it, "Organization will see to it that the ground is cut from under him and markets are shut against him by that power so subtle, so organized, so watchful, so interlocked, so pervasive." From high to low, men in banking and business learn this lesson. As they are controlled themselves, they have controlled employees. They are obliged to do so.

The smaller banks must do what the big banks order, the business men must do what the banks advise, employees must do what business men request, or pay the price, and the price has been very high: discharged, dishonored, blacklisted, "framed", boycotted, financially ruined, "gently hazed", ostracized, deported, physically tortured, even lynched, perhaps by "gentlemen mobs" in high power automobiles.

Revelations of the Pujo Investigation

That "power" had been thoroughly organized before the Knickerbocker Trust Company was wrecked, and its methods had been carefully studied by scholars like Lincoln Steffens and Woodrow Wilson before 1910. It was also exposed and condemned by the Congressional Committee appointed to investigate it whose Chairman was Mr. Pujo. The Pujo investigation showed that five of the great New York banks had been acting together contrary to the Anti-Trust law, and it would have made an exhaustive study, but that President Taft forbade the Secretary of the Treasury to answer its questions farther. However, its work was sufficient to show the danger of centralized money and much of the evil it had wrought. The report of the Pujo Committee should be carefully studied by those who have doubts of these methods and evils.

And now a strange thing happened. Twice the efforts of the Money Power to secure a Central Bank by national legislation had failed because it was feared that a Central Bank would have too much power over the rest of the country; this secret coalition of the five investigated by the Pujo Committee had proved the point and five had been ordered to cease under the Anti-Trust law; President Wilson was elected on a platform which declared, "We oppose the so-called Aldrich Bill for the establishment of a Central Bank", but, as early as possible after his administration began, in 1913, the Federal Reserve Act was passed, establishing twelve banks that are unified in a central Board and always act as one, (as Paul Warburg testified before a Committee of Congress), and which are therefore the Central Bank which had been voted down and definitely condemned in the platform. This legalized the co-operation of the Big Bankers, so that they dominate the whole country, and hold the whip over the whole country, even more effectively than the five that were condemned by the Pujo Commit-

tee—a momentous piece of legislation, which should be all but the last in the development of our national money system.

According to Lord Cunliffe, Governor of the Bank of England, who visited this country as a member of Mr. Balfour's Mission, to persuade our Congress to give aid to the cause of the Allies, our Federal Reserve is similar to the Bank of England and had been working in definite and close relation with it since the spring of 1915, nearly two years before we formally entered the War. Lord Cunliffe said then, also, that he hoped that after the War, London, New York, and Paris would divide the financial business of the world between them—how long he had entertained this hope he did not say. So there are alarming international aspects to the Federal Reserve.

In judging the dangers of the situation it must not be forgotten that all banks, though they bear names which seem to imply that they are national, are only private corporations which pay their profits to their stockholders, and that they are in very close relation with the great commercial banks and corporations that are the richest profiteers in wars, this by what are called "interlocking directorates" as well as by direct contact. Mr. Morgan was a once financial agent for England, private banker and an advisor for the Federal Reserve, which he had been a strong secret influence in securing by law. And his firm, through his father, had been sharing international profits with London bankers for many years past, which is another story, but too long for this occasion. Did these various interests never conflict, and can we be quite certain that national interests were considered first? Can Mr. Morgan himself be quite certain that his advice on national policy was quite disinterested, when, as financial agent of England, he had sold so many of the bonds of the Allies here before we entered the War that many of his clients, including Insurance Companies, would be ruined unless these won, and obtained Government backing? When those securities were selling below par, or not at all, would his advice not be colored by that fact? We hear that the last \$600,000,000 of those unsaleable bonds were taken from his hands by our government and paid for with money of the First Liberty Loan, and this was doubtless by his advice. We also hear that he doubled his own inherited fortune in a short time. Can we be quite certain that the loans and investments in Russia have had nothing to do with the continued presence of our armies there?

This aspect of the Federal Reserve and its personal advisors has not been discussed, but it is clearly of very great importance, and would argue not only the fullest national control, but also the exclusion of all who are making personal profits from the Board.

A Conspiracy Against the Nation

This situation has made many of us very anxious for our coun-

try. The Congressional Record of Feb. 12, 1917, contains an impeachment of the Federal Reserve Board for conspiracy against this nation, giving in partial evidence the story of the secret meeting held by members of New York banks condemned by the Pujo Committee, and how they made the plans that secured the Federal Reserve by law. An incident, of which I will quote part, is told in the life of Paul M. Warburg in the series called "Men Who are Making America" by B. C. Forbes, editor of the Business Magazine in admiration of his hero, and I will quote the story in the author's words because my own phrasing, though restrained, would seem too lurid:

"Picture a party of the nation's greatest bankers stealing out of New York on a private railroad car, in cover of darkness stealthily hieing hundreds of miles south, embarking on a mysterious launch, sneaking onto an island deserted by all but a few servants, living there a whole week, that the name of one of them was not once spoken lest the servants learn their identity and disclose to the world this strangest and most secret episode in the history of American finance. I am not romancing. I give the world for the first time the real story of how the Aldrich Currency Report, the foundation of the new currency system, was written."

Was ever conspiracy more convincingly drawn? The article goes on to name Senator Aldrich, always the mainstay of the Interests in the Senate as one of the party, along with Henry C. Davison, a leading member of Mr. Morgan's Bank, Frank A. Vanderlip, President of Rockefeller's National City Bank, Paul M. Warburg, a member of the firm Kuhn, Loeb and Co., and others from the firms condemned by the Pujo Committee. An article in the Outlook claims that W. G. McAdoo also was greatly instrumental in securing the Federal Reserve legislation, but whether he was at the Island I have not learned. He rose to prominence connected with the Kuhn, Loeb and Co., and has served under President Wilson as Secretary of the Treasury, thereby becoming ex-officio Chairman of the Federal Reserve Board.

To this circle of financiers, ominously secret and silent, must be added the Silent Colonel House, who, we are told, in his "intimate biography", "The Real Colonel House", has been for many years past one of the strongest forces working secretly to bring about (1) the gold standard, and centralized banking, and (2) the selection and election of men to high office who would work for his national and international policies. As early as 1892 he had begun to build up his "reputation of a silent and powerful influence", "a reputation which enabled him to pick his own candidate (for President) in 1912". This secret selection of candidates for years past, with ulterior purposes, and this secret interlinking of our money system with that of London long before we entered the war suggest alarming foreign influence, where one can readily

see the advantage to the foreign nation and the individuals concerned, but not to our own country. "The Real Colonel House" tells us also that Colonel House made the qualification on which he based his selection of men for high office "their willingness to take advice", and tells that all of the members of the Wilson Cabinet had long been associated with Colonel House before he had met Mr. Wilson, except Garrison, but that most of them were recent acquaintances of Wilson's. Garrison did not remain in the Cabinet long.

How They Worked Through the Federal Reserve

Some light is thrown on the passing of the Federal Reserve Bill in "The Real Colonel House": "Now the Currency Bill was the project of the Administration in which Colonel House took deepest interest", and he had discussed financial reorganization with Mr. Brown, an editorial writer of Harper's Weekly, (one of Mr. Morgan's publication), who published articles advocating banking changes, making suggestions later adopted in the Federal Reserve Bill. This was prior to Colonel House's meeting with Woodrow Wilson, and it was in Harper's Weekly, also, that Mr. Wilson was first mentioned for the Presidency. Mr. Brown died before the Federal Reserve Act was passed, but "on his death-bed he received from Colonel House the assurance that the Bill would go through"! We are told that Colonel House had persuaded bankers that this legislation should pass, though at first they could not see it an advantage.

Why could Colonel House assure Mr. Brown that the Federal Reserve Bill would pass, though Central Banking had been twice voted down and the platform on which the Democratic Party had just come into power had declared against a Central Bank? Return to the Island and the financiers meeting in secret there, and see the method by which it was passed. There was devised the plan by which Congress should establish not a Central Bank, but Twelve-that-should-act-as-one, being united under one governing Board—a distinction without any difference, and "a despicable subterfuge", as it has been called, by which all of the objects sought through a Central Bank could be equally well attained. We are told on responsible testimony that, to bring this about, a secret fund was spent in getting up what would look to the public and Congress like spontaneous action widely distributed through the country, where apparently Citizens Leagues should recommend currency reform to Congress. This was financed by an inner circle, apparently the same inner circle practically who also financed the Navy League and the National Security League of ill repute—a Congressional investigation shows that the National Security League was conceived in London, financed heavily by Carnegie, Morgan, and their associates of Big International Business and High Finance, and did a vigorous work blacklisting Congressmen,

professors, teachers, and many others because these opposed in any way the war measures which the League desired. A series of newspaper articles was also prepared secretly and sent to the press the length and breadth of the land, to be printed gratis and verbatim, to argue to Congress a universal demand for this change in the banking system, "a clear case of calculated fraud perpetrated upon an unsuspecting people" it has justly been called. The part the Press played then and since in serving the policies of this circle should be made the subject of congressional investigation.

The Citizens' Leagues and the newspaper articles appeared, and when the Federal Reserve Bill, or the Owen-Glass Bill, to be more exact, was in process of passing, observers the best qualified and on the ground did not see the machinations by which it was secured, so secret and silent was the management. A journalist and historian of national reputation was commissioned by one of our magazines to go to Washington to report it, but saw nothing whatever to cast doubt upon the proceedings. The Federal Reserve Bill was passed practically without opposition, without discussion by the Press, without discussion by the people. Ho, for Democracy in the hands of men like Col. House and financiers on the Island! And ho, for Secret Diplomacy! for this Bill may have been rushed through with a view to the War that was coming, for in the biography of Colonel House we are told that President Wilson had been enlightened on the international situation by President Taft even before he assumed office and resolved to pursue the policy of Watchful Waiting in Mexico so as to keep his hands free for the European War that he saw looming upon the horizon. Why did those two not publish those facts then? That was before the events in Serbia. There are times when silence is golden but this secrecy must be held responsible for much that followed.

The World In The Grip of the Banking Trust

It is abundantly evident from Lord Cunliffe, quoted, that the Federal Reserve was of very great service in financial matters in London even before we entered the war; at home it was whipping us up for war by Central Banking methods, in fact, the inner circle of the National Defense Committee was organized and efficient before it appeared on the surface, and before we entered the war, as we learned through one of the recent Congressional investigations. Congress and the people seem to have played a very small part in what was going on, for events as well as motives were carefully hidden. If the men of the innermost circle, as Carnegie, Morgan, and Colonel House were of the aggressive international imperialists of that secret Rhodes-Society of Multimillionaires, planned by Rhodes in 1877, and working secretly "by the methods of the Jesuit Order" to support the imperialists of England in painting the map of the world a British red

and bringing the United States again under the British flag, they could not have devised a measure to serve their foreign purposes better, abroad and at home. Certain it is, that world events have followed the course then planned by that aggressive Tory Imperialist diamond-king. Under his personal dictation of England's foreign policy, Egypt was occupied and the South African Republics were wrecked and annexed, aided in his destruction of the Republics by our own government under a secret "understanding," "Treaty if you please," contrary to the treaties which our senate had made publicly and according to the Constitution. Ho, for the sacredness of treaties in the hands of men like President McKinley backed by men like Carnegie!

Carnegie had committed himself to our re-entering the British Empire, about 1892. And now the War-before-1920, which Rhodes planned in the early nineties, "thinking in continents," had ended as he planned, Russia, France and the United States having fought as allies of England and eliminated the German Empire. The point seems amply proved that not only imperialists of the Central Powers were playing the old game for Money and added territory for investments, but that all of the nations had men who were doing so, while the people in all of the nations were dreaming of Democracy.

The final proof of imperial purposes among the Allies is the Treaties, secret and proposed, which are now open before us. Not only the Covenant proposed, but incidents that have occurred, show imperialists and New York financiers the victors. Made with the utmost secrecy the treaty submitted does not even incorporate the more democratic and humane Fourteen Points which cheered our American hearts and persuaded the German people, to seek peace but satisfies the imperial purposes of the Allies, especially of England, even proposing to bind the United States to maintain her present boundaries and to fight at her call, thus reducing us to the permanent status of a Colony of that great Empire which has been more aggressive and more powerful than the one we helped to destroy. A very significant sign of the motives in dominant New York is that their influence was against the Fourteen Points. When President Wilson was on his way to Europe a long telegram was sent from New York to Paris to cut the ground from under his feet by saying that his views were not supported by the American people. And, to cap the climax, at the time when Senators, our treaty making power, were persistently denied information as to the provisions which were being secretly made, and were denied a copy of the document. Mr. Davison of Morgan's Bank was able to bring copies to New York from Paris. Mr. Root's explanation to Congress does not explain away the implication, and nothing can explain it. Was Colonel House for, or against the Fourteen Points? The great English Labor

Party was for them and stood for self-determination within the British Empire.

Rhodes' hope of extended Empire and destruction of a rival, and Lord Cunliffes hope of imperial world finance shared between London and New York have been realized, but it remains a question whether the people will realize their hopes of Democracy. The "combination of combinations, of the railways, the manufacturing enterprises, the great mining projects, the great enterprises for the development of the water powers of the country, threaded together in the personnel of series of boards of directors into a 'community of interests' more formidable than any conceivable combination that dare appear in the open" which "The New Freedom" looked forward to in 1910, has occurred; central banking has been legalized; we now realize that our old variety of freedom is dead as we did not realize it in 1910. And we realize also that the combined power of high finance is greater than the power of the government and controls our policies abroad as at home.

Whatever ulterior motives may have been served for those who secured Central Banking so secretly, the motive assigned was that it would give flexibility to our currency, and so stop panics. That has not been tested, but will be good if true. However, this prospective advantage is offset by a very serious danger, that all of the money of the country will be absorbed, or so great a part of it as to endanger Credit. It is hardly safe to put all of the eggs of the country into one basket, when that basket is in charge of those who have ulterior interests to serve. Choruses of interested praise have been given the Federal Reserve, and impressionable people who have never looked into the matter often speak of it as one of the wisest pieces of legislation ever passed in this country. The psychology of this seems to be that with which we became familiar in the campaign for Blaine, when his enthusiastic, unthinking supporters used to converse with themselves after this fashion, shouting answers to their own questions:

"What's the matter with Blaine?"

"He's all right!"

"Who says so?"

"We do!"

Some of the public were doubtless impressed, mistaking strong assertion for both fact and proof. Those who look upon the power of the Federal Reserve under the Law, the tremendous power that it exercises in merely according clearing house privileges by which it can dominate those "below" in banking and general business, will hardly shout an unqualified "Hurrah!" And we may well tremble for our future when we see its power to entangle us in foreign undertakings, iniquitous and dangerous as these often are in the financial field. By private understanding, the Morgans had been uniting with the London bankers since the early years of

this Century in international undertakings, and President Taft advised Mr. Morgan to take part in the iniquitous Six Power Loan, with an implication of Government backing to the extent of War as England gives national backing to her international bankers though those who lend money at home must do so at their own risk. The question of national backing was not discussed when the Federal Reserve Bill was passed, but President Wilson also has now promised this support. The question lies dark in the background: Shall the lives of our boys be offered to back international loans?

We Must Nationalize The Money And Credit.

The fact that business men and bankers in general do not see this danger, or admit it, makes it none the less serious—perhaps more so. They see the danger and feel the domination than would dare to admit it. "They had better not speak above their breath when they speak in condemnation of the 'power so organized so subtle, so watchful, so interlocked, so pervasive.'" "The combination of combinations" which President Wilson feared in 1910, has occurred, the combination of the great banking, railway, mining, and industrial forces, and our old variety of freedom and individual energy of development are out of the question so long as we continue to live under this system of Money and Credit, as he then told us. There are few of us who have not felt the whip, and we understand blindly. With heavy hearts we echo the words of "The New Freedom", "We have come to be one of the worst ruled, one of the most completely dominated governments in the civilized world—no longer a Government by conviction and the vote of the majority, but a Government by the opinion and the duress of a small group of dominant men." And, again we echo "The New Freedom", "Have we come to the time when the President of the United States, or any man who wishes to be the President, must doff his cap in the presence of this high finance, and say 'You are our inevitable master, but we will see how we can make the best of it'?"

I believe that we have not, but that we have come to a time, instead, when we shall wisely and justly reconstruct our laws where they have been doing injustice, on the order of those of that Grecian Democracy which has left the proudest record in history. Our precedent and example will be the Laws of Solon, whose name the modern world still uses as a synonym for those who are wise and just in law making, and who nationalized the Money of Athens and filled her Treasury with the profits that had been usurped by the few. We must nationalize the Federal Reserve, and develop it into the Fiscal Department of the Government, through which Exchange, Issues, and the like will be controlled, and by which budgets will be published. Land banks, without profits to intervening bankers, and a department for deposits against which

cheques can be drawn, are details. Many banks of the present system would doubtless apply to become National, of the new order, officials and employees to be paid a fixed salary; some would doubtless find it an advantage to make the change. In justice to bankers and to the business men whom they have controlled, we must not forget that they have been largely caught in the cogs of the great wheel, as all of us have been, and will be patriotic and law abiding citizens in the more truly democratic State, the Juster and happier State, that will follow our Reconstruction. When we have done the New Justice, we may look forward to a new Golden Age even more splendid than that which followed Solon. "Ich dien" "is a kingly motto, not meaning when spoken honestly by those who really do serve the best interests of all, not of self merely, not of a selfish class.

May we see our danger, and act in time: may we find a leader as wise and as just as Solon, and send him to Washington to nationalize our Money.

VII. Public Education

REAL DEMOCRACY IN EDUCATION

By Charles B. Stillman
President American Federation of Teachers

Mr. Stillman: Mr. President and friends of the public schools,—I have been asked to discuss, very briefly, "Democracy in Education" with especial reference to teachers' salaries, and to the lack of democracy in the school administration.

As far as teachers' salaries are concerned, let me at the very outset, as a teacher, assume a very considerable share of the responsibility for the present desperate situation. As teachers, for the last 50 years, we have been meekly accepting fulsome eulogies for our honorable profession as a substitute for something to live upon, (Laughter) until, at the present moment, there is a shortage of 100,000 teachers in this country. Just two days ago I returned from a two months' swing around the circle to the Pacific Coast, and I did not enter a single state, I think, I can say with safety, nor a single county in a state in which the newspapers were not playing up the actual closing of dozens of schools in each locality. Most of those schools it is true were in sparsely settled districts, and in addition to that, there were dozens of schools in

each county without any teachers at all. The papers were saying that the state superintendents of public instruction were compelled to issue provisional certificates in order to get, not trained teachers, but anything that they could put in front of a class room. You know that provisional certificates mean emergency certificates, issued to people who are not qualified to teach—and I did not see that the general public were wildly excited about it.

I wonder if those same fellows who wrote those newspaper items with so much equanimity would consider, with the same degree of equanimity, their own children going on the operating table, under the hands of provisional surgeons. And surely I am not overdrawing the analogy there.

Teachers Salaries Utterly Inadequate

The teachers with training are being forced out of the profession, literally by the thousands, by sheer economic pressure, and young men and women of ability are refusing to prepare themselves for a calling which leads only to a charitable status. We might as well use the correct words—and I have offended teachers frequently by using this term—I think the representatives of the public should have this term placed flatly before them. Teaching at present is a charity proposition. The majority of the teachers in this country are partially dependent for their living, either upon parents or relatives with whom they live, or they are compelled to eke out more or less of a living by engaging on the side, outside of school hours, in some occupation that is really gainful. One concrete instance of the result is, the Wilson Normal school the city normal in Washington, D. C. (last year had an entering class of nine, while it has usually had ninety. It is high time that the teachers and the public both woke up to the fact that the primary, professional problem before the teachers in the public schools today is the economic problem. Our false professional modesty in that regard must be dropped or we will not have even an alleged profession to talk about much longer.

However, the American Federation of Teachers—and I am cutting this short because I am confident that you have seen numerous articles giving actual statistics of salaries of teachers, you know more or less of what that situation has back of it as driving influence behind the organization and behind the American Federation of Teachers in particular, not the economic motive, although, primarily, nothing can be more important than that. However, that is not what keeps up our energy. The motto of the American Federation of Teachers, for example, is not "More money for the teachers" important as that is. In fact, in talking to a group of teachers in Philadelphia, where it was rather difficult to get them started—and we have a local there now, but there was considerable difficulty—I couldn't help having the feeling that the fact that those people were down on the exploitation level of \$600 a year that

that was the reason they were not able to secure a sufficient diet on which to build up backbone—yet our motto is not “More money for teachers” but “Democracy in education—Education for democracy.”

Democracy in Education and Education for Democracy

Surely the fundamental function of our public schools is to prepare our pupils for effective and intelligent participation in the political, industrial, economic and social life of the community. If we were talking in Europe we would be praising our schools to the skies—I think I would as well as anyone else. If I wanted, I could use up many times 20 minutes allotted to me in singing the praises of the substantial accomplishments of the American school system, but is it not much more important, frankly, to face the defects in our public school system, and can we deny that our public school system has been falling down on the main job of preparing for intelligent participation in municipal life. Look about you at the misgoverned American cities—and I think all of us in this room have doubtless, in our experience, come in contact with this—the lack of a sense of social responsibility, close-mindedness, difficulty in getting a fresh point of view. All of us have wondered whether, after all, our American public school system is functioning as it should, but examine it, and you will not be surprised.

Our School System Borrowed From Prussia

Of course we have failed to prepare for democracy, because the teachers—and surely you will admit that it is not the building and the equipment that is the heart of the public school system. Your best of buildings and equipment would be so much junk without effective teaching, and how much intimate and effective contact with democracy do the class room teachers of this country, on the whole, have in their daily work? I am certain that the war has given a certain color to words that are more or less lurid. I am not trying to make a sensational statement, but simply a historical statement when I say that we borrowed our school system from Prussia. We sent over men to Prussia in search of a model for our American school system. Happily for us those men left the vicious system in Germany; but an attempt was made in Prussia to bring that system and foist it upon us 10 years ago, and they did bring from Prussia the autocratic system of school administration in which all authority originates at the top and descends down through the upper reaches of the hierarchy, until, when you reach the class room teacher, through whom the school functions, hers is to obey orders, to carry out policies, in the formulation of which the teacher, he or she has had no voice. There are exceptions—I want to be the first to say that I was taught under circumstances in which I did not need to feel like a private in a Prussian army, but many of us would be compelled to admit that it is

purely because of the happy accident of having at the top in this hierarchy as superintendent, assistant superintendent, principal, etc., broad-gauged, democratic minded men, who believe in consulting their teachers. As a matter of fact some of the teachers have no safeguard whatever against autocratically minded men, and the school systems in this country have, on the whole, an autocratic rather than a democratic flavor.

Must Democratize Our School System

We believe in democratic government. We always hope to have high grade men to govern us, but we must not rely on that too much. We try to throw safeguards around our offices, so that if a czar-like man should get into an office we would have protection. But our public school system do not have sufficient safeguards. In the last few years no effort has been made to democratize our school system. In the last few years we have stood more emphatically for democratization in the school system than we have for increased salaries, and we have secured the co-operation of organized labor in that claim; and in this city, with the high school organizations co-operating, and with the hearty co-operation of Mr. Mortenson and the Board of Education there has been established a high school teachers council, so that now our high school teachers are not mere cogs in a machine.

But there is another reason why we have failed to prepare for life in American communities. If our chief duty is to prepare for participation in industrial and economic life, how would you expect us to avoid failure when the teachers of this country, for 50 years, have prided themselves on their aloofness from the realities of community life? They have actually prided themselves on knowing nothing about economic, social, political or industrial life of a community; and I submit to you that the American Federation of Teachers that I represent is the only movement on the horizon at the present time that offers teachers an opportunity to connect themselves, organically, with the realities of community life. And we find, where we have been organized, superintendents and boards of education and school authorities in 90 per cent of the cases, comment on the increased effectiveness of the work of the public schools which has been made possible because of direct, intimate contact of the teachers with the problems they have been supposed to prepare themselves for as teachers. Some people seem to believe that the less a teacher knows about a certain subject the more effectively she is able to teach it. (Laughter).

The Atmosphere of Servility

There is another reason. We surely want to turn out upstanding, independent, fearless American citizens. Do you know of any group, any considerable group that can find as many things to be afraid of in a given length of time as teachers? I have never been more pleased with any public response than right in this city

when I made the simple statement that the citizens of Chicago had a right to know that their children were not exposed daily in the classroom to an atmosphere of servility.

John Dewey—I think he is still connected with Columbia University, though now in China—John Dewey, in praising our union—and we no sooner had a local in New York than he applied for membership—made the indictment that, as teachers, we have not had intelligence enough to be courageous. And he said one of the chief benefits he sees in the affiliation of teachers with organized labor, is the increased backbone that the consciousness of support will give them, and when you realize that pupils are exposed during their most impressionable years to whatever atmosphere the teachers may bring into the class room, an atmosphere which it is impossible for the parents and other agencies in the community to counteract adequately in case it is vicious when you realize that, and know how prone teachers have been to wonder how their official superiors would regard it before they draw a deep breath—many of them seem to be led around by the ears, as if they were being led by a first ward heeler, you will understand the seriousness of this matter.

Why Teachers Must Organize

The chairman gave me a better opportunity than I expected in his remarks, to mention organization, in which I am very deeply interested. I had not intended to mention that, but I believe the remaining five minutes I have I will devote to that, and I do not think that I will be abusing my privilege. In the present hysteria of public opinion on economic matters and on matters in which organized labor in general is concerned, I think there is special need for it.

I have found the very people who are the most prone to praise us to the skies as the saviors of society, and even as the winners of the great war—because we have been credited with that by some of these people, too—those are the very people who show an insulting lack of confidence in the American teacher wherever our movement is mentioned. For example they bring up the strike as an objection to our organization.

We Do Not Use The Strike

Of course we do not use the method of the strike. If a local of ours should attempt to use that method I have no doubt the charter would be revoked. Although I am but an individual, I know the sentiment of the organization well enough to be sure of that. But I cannot help wondering what these people think of the present situation in the public schools if they are fearful that the only thing that will keep teachers from going out on strike is some non-strike clause in the constitution. If the public schools of this country reach the point where nothing but the exercise of superior

authority will keep American teachers from going out on strike. I do not think it will make very much difference to the community at large whether "school keeps or not." (Applause) We do not use that method. We have prevented it in one or two instances, where the teachers have been simply maddened by public indifference—we have prevented strikes in those cases.

We have no provision for a strike in our constitution. There is no such animal as a strike, sympathetic or otherwise as far as we are concerned; but we insist that the reason we do not strike is not any technical reason in our laws or constitution, but is our sense of our function in community life.

Another insulting charge that has been made recently, made by people that are supposed to be co-operating with us too, is that organized labor wants us to affiliate with them so that they can make the schools agencies for organized labor propaganda. Teachers have been trained for 50 years as I think no other group has been against the abuse of their official position in imposing their personal ideas on the pupils under them. Very rarely do you hear a Methodist, Baptist, Catholic, Republican or Democrat teacher accused of proselyting, attempting to make young Methodists, Baptists, Republicans or Democrats out of the pupils under them; and it is as absurd to think that the teacher would attempt to make little unionists out of the pupils.

School Must Not Be Made Agencies of Private Propaganda

One of the main reasons for our organization—and this has a definite connection with democracy in education—is to save the schools from being made agencies of propaganda. In the city of New York the Board of Education ordered its teachers to teach the wisdom of universal military training in time of peace. I take it that we may all be agreed on a military policy in time of war, but still that is a debatable question, on which honest men can differ in times of peace, and still these teachers were ordered by their official superiors to impose that doctrine upon the helpless pupils under them.

One of our prime reasons for organizing is to secure sufficient independence on the part of the teachers to make them refuse to suborn themselves to that kind of private propaganda. (Applause.)

You know what these people are really afraid of: they are not really afraid that we will ever turn the schools over as propaganda agencies for organized labor, but these people realize at the present time there are propaganda agencies against organized labor; they know at the present time the teachers of this country secure all of their information on vital problems of that kind through the newspapers and they know that it is impossible for a square deal to be given to a controversial question, even in the upper years of the high schools, where boys ought to be talking about the things

which will concern them most of all in a very short time, and they know, through this movement this affiliation of ours, the teachers will get both sides of the question, and they are afraid of giving the teachers who have had training in making up their independent judgement on the basis of data presented to them—they are afraid of giving those teachers data on both sides of questions. (Applause)

Working Together for Educational System

But the primary reason—and I am going to close with this thought—the primary reason for organized labor welcoming the affiliation of the teachers was expressed most aptly by a Philadelphia working man. When we were talking to the Philadelphia teachers the question came up “What does organized labor expect in return?” A gentleman jumped up and asked permission to answer that question. He said “During the last three years the war was still on, and I have been able to triple my wages through my organization, until now I can supply my children with good clothing, good food and the comforts of a good American home, but there is one thing that I can’t give them and that is education. For that I must depend upon the public schools and the teachers and I know my children are not getting a square educational deal now but I am not trained to put my finger on the reason why.” He said, “I can give a shrewd guess that underpaid teachers and over crowded classes have something to do with it,” but he admitted that he lacked training to diagnose the ills. He said, “We want the teachers to affiliate with us primarily so that they can send delegates to our local and state bodies; tell us what is wrong with our system; work out a remedy, and they, with their specific knowledge and we with our influence in the community, working together, will be able to give this country and this state and this city an educational system worthy of democracy.” That I have heard paraphrased in every community where that question has come up, where laboring men were present.

I wish I had time to tell you about the Smith-Towner bill—the Smith-Towner bill was dead until the American Teachers Federation secured the support of organized labor for it; still some are making scurrilous attacks upon us. I am not going to be personal here; I will not mention the names, but I will ask you whether it is reasonable to expect any real recipe for democracy of school education is to come from a member of the faculty of Columbia University. (Applause.)

VIII. Public Ownership of Government

WANTING AND GETTING PUBLIC OWNERSHIP

By Walter J. Millard

Field-Secretary for American Proportional
Representation League

Prof. Chas. Zueblin a distinguished member of the Executive Committee of the Public Ownership League conducted a series of debates last summer on a Chautauqua circuit, supporting the affirmative side of the question "Shall the railroads be owned by the people?" He opened his speech by declaring that he spoke as an "ultimate consumer" for he consumed about thirty thousand miles of railroad travel a year.

I begin to feel that I have the same right to call myself an ultimate consumer as Prof. Zueblin for it seems to me that in the last few years I have, so far as this country is concerned, been everywhere twice. My observations have convinced me that if a national referendum could be held on the question of nationalization of the railroads, that the question would carry by a huge majority. I am convinced that the program for great changes in our social order has in a general way been "sold" to the people of this country.

The street-car situation is acute in many cities and it is evident that the successful candidates for mayor in those cities were in every case, those who not only capitalized the anger of the people against the street-car companies but also those who came out definitely for Public Ownership. Everywhere the sentiment Public Ownership especially of the utilities that a city must have to function properly, is overwhelming. But we must admit that the list of the utilities that are publicly owned and operated is still very small as compared with those in private hands.

Why the People Do Not Get What They Want

Why is it that the public want Public Ownership but cannot get it? To this there can be but one answer, the machinery through which it must work to get what it wants can be manipulated by a cunning minority to thwart the wish of the majority. That machinery is the political machinery provided by law; in other words, it is the method by which nominations are made, votes are cast, final elections held and the result determined.

While it is not charged that the election systems generally in use in this country were deliberately designed to frustrate the wishes of the people, yet it would be hard to design methods con-

sciously, that would aid and abet the moneyed minority better than those we use. The tragedy is that they appear to give the majority control.

It would take too long to explain the precise way in which the many forms of primaries and election systems can each be manipulated but the two practices to which all of them lend themselves are these. First, nomination of each additional candidate over the number there are elected increases the chance that voters will waste on candidates who cannot be elected and increases the chance that the elected man or men will be elected, not by a majority, but by a minority of the total number of voters. Second, even where a voting or counting system is used to try to ensure a majority for the elected candidates, a very few votes will generally suffice to change a majority into a minority, so that the elected man will be under the control of that number of voters who, if they vote for another candidate, can defeat him if he runs for re-election.

Minorities Control Elections

Both of these features of the so-called majority election systems will, when grasped give the clue to the means by which elections are controlled within the letter of the law. Votes with us have unequal value; a few votes changed from one candidate to another control the whole situation. Since our social conditions are such that there can usually be found the requisite number of voters who lack any social conscience, they can be organized by a politician and "sold" in any one of a number of perfectly legitimate ways to a public service corporation. In my own city of Cincinnati it is well known that the best way to get employment with the street car company is to apply to a certain city councilman. The company obliges the councilman and willingly expands its pay-roll, especially around campaign times. The man employed is under obligation to the councilman for the job and accepts his advice on how to vote on election day. Since the company has been kind to the councilman's friends, naturally the councilman is kind to the company on the council floor.

Proportional Representation Essential to Democracy

Voting and elections are the fundamentals of all democracies and if they be not right and just, nothing else can be right and just. If a minority can control them a minority can control the law and the judge of the law and the execution of the law. No great social change can be accomplished except by voting in these days and in this country. Hence all friends of public ownership should give much thought and attention to perfecting that fundamental of democracy, the ballot.

Fortunately, most of the research and discovery of just and

equitable methods have not only been done, but millions of people in many democracies are using systems of election that are knave-proof and politician-proof. Some of these methods have been in use a generation or two and all question as to their practicability has long since been settled.

The most important job that democracies have, is creation of representative bodies; in fact I am personally of the opinion that democracy would be better served if we gave up the doubtful privilege of electing executives and let the representative bodies choose the persons that they think best fitted by temperament, training and experience, to carry out the policies that the policy determining bodies decide upon.

It goes without saying that such representative bodies should be representative of all the people and not a part of them only. In fact John Stuart Mill laid down the axiomatic principles that should underlie any representative body when he said: "In a really equal democracy any and every section would be represented not disproportionately but proportionately. A majority of the electors would always have a majority of the representatives; but a minority of the electors would always have a minority of the representatives. Man for man they would be as fully represented as the majority.

The first premise for the construction of a representative body is that the majority shall be in control and the second that the minority shall be heard. To carry out both accurately leads naturally to proportional representation as the only scientific and equitable basis for an election method.

Greatest Political Invention of Modern Times

Given the principle, the next step is to discover the means to carry it out. Within a few years after Mill developed the principle his attention was called to a voting system invented by a man who had written a book about it. The man was Thomas Hare and in his autobiography, Mill declared that Hare's voting and counting system was the greatest political invention of modern times and prophesied that the day would come when it would be in universal use. Mill wrote that over seventy years ago and for a while it looked as if his judgement was wrong but the last few years have justified his wisdom for the Hare plan has been applied and used by larger and larger numbers of people.

Curiously enough the same system was invented independently by a Danish professor who was called in by the king of Denmark to help formulate a constitution. That was about when it occurred to Hare, but Pof. Andrae was more successful, for his plan was applied at once and was liked so well that today practically every election in Denmark not only public but private is held by its means. I am informed by Danes in this country who were ac-

tive in the Danish co-operative movement, that that wonderful movement, which has changed Denmark from a poor sandy stretch of land to one of the richest agricultural sections of the world, owes much of its success to the use of the Andrae election plan. Until they used it there was much factionalism and bickering, but after it was installed every faction secured its fair share of the directing boards. Here their criticisms became more constructive for they were in closer touch with the facts and the old phenomenon of human nature appeared, which is, that responsibility sobered those who beforehand had had no share in it.

Widely Used

The success of Denmark led to application of the principle but not the method to Swedish and Finnish election. Then Switzerland used it for a canton election; then followed Belgium. Now practically every country in Europe is using it, tho the French system is so defective as to really be called a travesty on the principle instead of its application. Every country formed out of the ruins of the war is using P. R. (as it is called for short) as the method of electing its parliament. Holland changed its constitution in the midst of the war to apply it.

The Hare system first came into use for public elections in Tasmania in 1896 where it was used for certain election districts. Since 1909 all members of the Tasmanian Parliament have been elected by its means.

Many of the British Commonwealths are using it for either parliamentary or municipal elections and not one of them has ever abandoned it. Its use by one Irish city, Sligo, last January, and the enthusiasm with which the results it created were received by the four Irish parties that participated, has led to a strong demand for its use to elect an Irish convention. All Irish cities will hold elections by its means next January. Scottish school boards are elected by it and so are the eleven members of the British Parliament elected from the universities.

Three cities of the United States use it to elect councils and the first one to do so, Ashtabula, Ohio, was persuaded to adopt it by an ardent member of the Public Ownership League, William Boynton of that city, who is attending this convention.

How The System Works

Let me illustrate to you its fundamental machinery. Let us suppose that this conference wishes to elect a committee of five persons and appoint me as the teller. The first step is the nomination of candidates and we will presume that nine persons are nominated. I then direct them to stand on chairs about the room and I tell you, who are voters, to stand close to that candidate that each of you prefer. In this way I should find that there would

be nine groups, each differing in size, each with a candidate at its center.

Let us presume that one candidate, whom we will say is Walter T. Mills, has a very large crowd around him. I would go over to the group and remind them that only about one fifth of the total number of voters would suffice to elect Mills and that therefore the excess of voters surrounding him would find it to their advantage to join one of the other groups, since the man they want most, can be elected without their help. Naturally the voters that Mills does not need would be distributed, each person according to his inclination to one or the other of the other eight groups. Away in the corner we will presume that a candidate has only a few followers and has received few or no additions from the excess that Mills did not need. It would then be my duty to regretfully inform that forlorn candidate that he is defeated, but I would not disfranchise his followers by declaring them unfit for any representation at all; I would tell them that they were now free to join any of the remaining groups except that of Mills. Possibly enough of them would join some other candidates crowd to swell to join an uncomplete group, you would finally resolve yourselves elected. Then I would declare the candidate with the smallest crowd remaining was also defeated and would offer to his followers their choice among the six remaining candidates who were not yet either elected or defeated. In this way, step by step, eliminating the lowest candidate and giving his voters a further chance to join an uncomplete group, you would finally resolve yourselves into five groups, each group unanimous in wanting that candidate who could attract a group equal to the other groups. Of course there might be a few of you who would say "I do not like any of the five who are elected and none of them represent me," but the chance for that is small and method so intriguing that you would find that if you conscientiously could, you would join in helping a candidate who came somewhat near your views.

Of course a real election is not held in that way but one of these days I am going to hold one in exactly that way for there is no reason why it cannot be done. At a real election you would find a list of the candidates printed on the ballot. You would mark it with your orders to me as election official by means of numbers. You would put the figure "1" against the name of the candidate in whose crowd you would rather be than any other. Then in case I found that his crowd was big enough to elect him without your help, you would order me to move your ballot to the pile or crowd of the man against whom you had marked "2". Of course the man you wanted most, might be the man I had to declare defeated, in which case I would still pass it on to your "2". You could, if you wish mark against all the candidates in the order of your choice, but in a real election if Gompers and Gary were both can-

didates, one could hardly imagine you marking a choice for Gompers and then later marking one for Gary.

Will Solve Some of The Hardest Problems of Democracy

It is difficult to convey to you all that a Hare election does. While it has no party designations on the ballot, yet it gives each real party its fair share of the elected body. If a party has trouble within its ranks it will give to each faction its fair share of the party's fair share. If men of like minds have not organized into a party, but a candidate has been nominated whom a quota like, they can elect him and continue to re-elect him without fear that a politician can defeat him by chicanery.

It is more than an election system; it is more than a mere piece of mathematical mechanism. It is a stroke of genius that will solve most of the knotty problems of democracy. It is the only plan I know that ensures that the people can get what they want without being constantly on guard against the unscrupulous boss, and his owner, the beneficiary of special privilege.

Most of all, it would put our election systems on a new ethical basis. Now they are based on the ethic of victory. With the Hare plan they would be placed on the ethics of justice. That is the reason that this audience is interested in Public Ownership. It is because Public Ownership abolishes exploitation and special privilege and would give value in service for value received that you want it. Proportional Representation has the same ethical basis so that each naturally and inevitably attract the same type of person.

Our league is at the service of any of you who can be aided in your local struggle by a change of city charter to apply the Hare plan; in fact I would advise you, if possible, to put it into the government of your local cities and states as soon as you can for only by having it as a fundamental method of democracy can you be sure that not only can the people who want public ownership get public ownership; but you can also be sure that nothing can take it away from them after they have it so long as the Hare plan is used to elect the bodies that represent the people.

the ballot in November, 1920, so that in 16 states of the Union the people might by direct vote establish by law, and legalize this method of instructing congressmen on national questions. Now if we can secure the co-operation of these organizations to pool their interest, to combine their effort and to place this measure upon the ballot in these direct initiative states this next November—if we can do this I am sure the people of these state will do the rest.

The People Could Control and Instruct Congress

We have had much experience with referendum voting in some 20 states of the Union now, and this experience has extended over a period of 20 years, and this experience warrants this conclusion—that the people of America always vote to increase their political power. They may not vote as some of us would like upon economic questions, but on political questions they vote unfailingly for democracy every time. They vote for the measures that are calculated to increase their power over their government. So that if we can get the machinery in motion to place this proposed law upon the ballot in these 16 states, it will be equivalent to its enactment into law, and thus the day after the November election this may be a legal method of voting in these 16 states.

Then the same organizations that have co-operated to place this measure on the ballot may, if they choose, make important use of it, by causing such a question as the Plumb plan for the control of railroads, or the nationalization of mines, or whatever may be up of a pressing nature, to be placed on the ballot at the special election in time to consider these questions and control the congress that is to be elected in November 1920. If we had that power, if the system were in operation, it would then be possible for us to unite whatever strength we have for a given issue such as the Plumb plan.

But with the present method of doing things what is the situation? Does anybody hope that the Republican party will espouse the Plumb plan? Does anybody hope that the Democratic party will do so? Here and there there may be a Democrat or a Republican candidate for Congress entirely committed to the Plumb plan, but the Democratic or Republican party as such could not possibly be so committed. And if it were—if the Democratic party, for example, should endorse the Plumb plan as a part of its platform, then no Republican could vote for the Plumb plan at the next congressional election unless he could be persuaded to leave the Republican party, at least so far as congressional elections go, and vote as a Democrat, and vice versa? But I suspect that few of us have hope for much help from either the Republican or Democratic party. Well, then, shall we say that our only hope of getting political power back of the Plumb

plan is in building up a third political party? Well, it seems to me that a third political party is inevitable. (Applause.) Yet I should not want to put all my eggs in that basket.

People Could Unite Regardless of Party

If this system of direct voting on national questions is established in these 16 states, at least as it may be by the use of public initiative, then it will be possible to place the Plumb plan on the ballot and get a vote upon that when nothing but that issue is involved; so that everybody in the district who favor the proposition may vote for it, and if they have a majority the member of Congress will then be instructed. What is the likelihood of his disobeying those instructions? Well, I believe with that method of voting we could soon create public opinion that would be so strong that Congressmen would learn to respect the instructions of the people. There is no law to prevent a member of the electoral college from voting for a candidate for president of the opposite party, but it was not done but once in the history of America, and I think we can put back of this system of voting the same power that enforces that rule in the electoral collage, that is the power of public opinion. We must rely to some extent upon the people's appreciation and faith in democracy, and the moral power of an aroused public opinion.

It would be better if we had an amendment of the Federal Constitution, so that we had a real constitutional initiative referendum upon national questions. But that is a long process, and I am suggesting a way by which without waiting for an act of Congress, without waiting for the consent of any state legislature, it is possible for us by using in our own behalf and establish in 16 states of the Union a method of voting by which we can instruct the very next Congress to vote for the Plumb plan on railroads or national ownership of mines or anything else the American people may want, (applause) and if we were to get a favorable vote in these 16 states on the Plumb plan, I think that vote would decide the issue for the rest of the states and if this system of voting proved to be popular and successful it would, of course, rapidly extend to the other states, and thus we might have, without waiting for a federal amendment, what would be practically a popular initiative on national questions, just as Oregon, without waiting for a federal amendment, has practically got the direct election of United States Senators.

Would Restore The Spirit of Self Government

We are of a great race. The American historians wrote eloquently of the liberty our forefathers were practicing in the forests of Europe when the Roman legions came upon them. This Anglo-Saxon race of ours has given to the world the Magna Charta and the Declaration of Independence, and when we began

on this side of the sea we established as our first governmental institution an institution that was native to the genius of the Anglo-Saxon race, the New England Town Meeting—governing themselves. But this New England Town system of governing ceased to be feasible in the course of years, with the great social changes that came, so we had to adopt in its place the representative form of government, and while it would be impossible to establish this form of government over so large an area, with the vast population we have, without a division of the representative form of government; still when we adopted the representative form of government we lost something very precious that our forefathers had in the New England Town Meeting. We lost that sense of closeness to our government. We lost the joy of feeling that the government was ours—that it responded to our will. The New England Town Meeting form of government married the people to their government. The representative form of government to some extent divorced the people from their government, and we must bring them back to their government somehow, and while we cannot have the New England form of government, while we cannot re-establish the popular assembly, yet one of the nicest problems of government is to revive the loss of the New England Town Meeting government without sacrificing the convenience and efficiency of the Republican form of government; and this we think has been accomplished as far as is possible to do so by the system of referendum voting that has been established in some 22 states of this union. And now my suggestion is that we shall, so far as possible, without asking for a Federal Constitutional amendment, establish this system in national legislation. (Applause.)

3. CIVIL SERVICE AS A PRE-REQUISITE TO SUCCESSFUL PUBLIC OWNERSHIP

By Daniel P. Riordan
Secretary Chicago Civil Service League

We assert this as a first principle that the government should be controlled by the people. From this principle it follows that the use of public employes as a species of standing army for defeating the will of the people at the polls should be prohibited. The common practice of making an employe's continuance or standing in the service dependent upon the number of votes he can deliver to candidates, favored by the political leader who secured his appointment is subversive of popular control. So too, the practice of multiplying elective offices for the purpose of con-

fusing the voter dissipates popular control. If offices, other than general policy making offices, are elective, the voter has presented to him at the polls a ballot so long and complicated that any real judgement upon the relative merit of candidates becomes impossible. The voters are necessarily delivered into the power of the bosses and popular control becomes a fiction.

Have As Few Elective Offices As Possible

It is therefore imperative that the number of elective offices should be held within a reasonable compass so that the people may have a fair chance to decide intelligently upon candidates and issues. All offices and places in the service, except general policy making offices, should be taken out of the elective or exempt class and included in the service under the provisions of a civil service law, if we are to remove the bureauratic menace which the spoils system offers to popular control of the government.

Merit The Only Proper Basis For Civil Service

Second, that public offices and places which are not directly charged with the conduct of general political policies belong of right to all of the people. It follows therefore that the civil service should be kept out of politics and opened to all citizens alike according to their relative ability and fitness to perform the duties of a particular office or place to be filled. There should be entire equality of opportunity for appointment and tenure of office on the basis of merit only. Victory at the polls confers no right upon the victors to seize the non-political offices or to interfere with the efficient conduct of public business. The civil service is the people's and nothing but the elective offices and the political policy making offices should be won or lost at an election. Merit or efficiency should be the only test for place in civil service. The public employe is the servant of all the people and not a part of the people.

To Secure Efficient Service

Third, that the civil service shall be efficient. As it is important that only fit men should be appointed to office after a thoro and impartial test of merit, so it is important that in their subsequent daily work, the same standard of merit should be maintained, so that the public may obtain the benefit of the merit system. Where public employes deteriorate through their own fault, they should be removed. If they deteriorate because of conditions of employment which make good work impossible or unnecessarily difficult, these conditions should be corrected. The prompt and certain removal of incompetent employes, the correction of defective organization and defective conditions of employment, the training of employes, the task of getting competent men into the

public service and keeping them there, the correlation of their pay with the results achieved, the preparation of the budget in its employment, as distinguished from its financial features, and the maintenance of standards of efficiency are all employment problems which do not change with administrations, and which require constant expert treatment. The work of government under all political policies and parties should be well done. The people are entitled to it.

Fourth, that the government in its capacity as an employer should be just as fair to its own employes. It follows therefore that a civil service law should protect the civil service employees from demoralizing and improper influences, should recognize the moral and social dignity of their work, reward efficient service, create for them proper conditions of employment and by maintaining reasonable standards of employment set an example to private employers of how to be fair and just.

To render these four principles of merit system effective, it is obvious that the body charged with their administration, usually known as a civil service commission, composed of experts in the science of employment, that for the purpose of the merit system they must have jurisdiction over the whole subject of employment from the point where it is proposed to create a position through to the point where the position is abolished, and the employe in it pensioned, removed or laid off, that the civil service commission should be responsible to the people and removable by any citizen for causes analogous to those which may result in removal of any other civil servant, and that the commission should not be controlled by or be responsible to any political officer.

Civil Service Must Be Responsible To The People

Civil service commissionerships should themselves be classified and should be filled only after competitive test, the candidate standing highest on the list to be certified and appointed. For this, as in other high administrative offices, not involving party policies, the main reasons are, first, to take commissionerships out of politics, second to insure the selection of competent commissioners, and third, to give commissioners tenure during good behavior like other officers in the classified service having to do with administrative policies. It is anomalous and indefensible to allow the highest civil service office itself to be and remain a spoils position.

A commissioners task is to obtain and keep the best available corps of public servants the public will pay for. All partisans and all applicants should look alike to him.

The evil effects of free appointment of civil service commissioners are similar to the evil effects of other political appointments to administrative offices, except that they are intensified

by the importance of the office and made conspicuous by the failure to apply the merit test to the very men who apply it to public servants generally. To say that the responsibility of a chief executive will be lost, if free appointment and removal be taken away, is precisely what has been said about every position in the competitive service. The only justification for a political appointment is that the office so filled has to deal with political policies. A seat at the service board is not a political policy making position. It is therefore no part of a governor's or mayor's administration.

"If we are to have civil service" said a prominent party leader, "take the commissioners out of politics. When the patronage is lost to the 'ins' as well as to the 'outs' all factions and parties will be even. But let there be no shams. The officer who appoints and removes the commissioners will control or be thought to control the civil service. The employes will take their tone from him and play politics for him. Nor can you enforce efficiency measures. Efficiency is not popular after election. What should be done is to put the civil service commission where nobody can interfere with it and make it strong enough to keep the service on a non-partisan basis."

Proper Method for Removal Of Incompetent And Protection Of The Efficient

The practical application of the four principles of the merit system requires a just and business like method for the removal of inefficient employes and for the protection of efficient employes from improper removal. Public control over the administrative civil service should be simply and directly exercised. Efficient service should be assured and the growth of expert administration facilitated. The object, therefore, of the removal provision is to insure removals in proper cases according to standards of merit and fitness at the entrance to the service and to prevent removals which are destructive of efficient service.

There is no systematic business organization employing many men which does not have a superintendent of employment or a grievance committee. The power of removing subordinates is no longer left in the hands of the supervising officer, as he can not deal effectively with questions of personnel. The management of business and the direction of operations is thus made distinct from the employment and removal of employes and the scientific measuring of efficiency. The whole tendency of modern business organizations on a scale comparable to public service is to treat employment, efficiency checks, and removals, from a central office on the department plan of organization. The superintendent of employment makes the removals, attends to all efficiency matters, either alone or in conjunction with grievance committees or boards of inquiry often made up of representatives of men themselves and of the company. The operating officers may suspend or dismiss

their subordinates subject to review by the superintendent of employment, the grievance committee, or the board of inquiry. A law which makes merit principles effective and which achieves tangible and beneficial results is in this regard in accord with the best experience in business organizations and is supported by more than twenty years of experience in the service of states and cities.

Removal systems substantially similar to the system as above stated have long been in successful and practical operation in this country in jurisdictions such as Illinois and Chicago and in the progressive commonwealths of New Zealand, Australia and South Africa. Under such a system, in the absence of a change in the party in power, there may be twice as many removals as under the old system where the power of removal was left in the hands of the appointing officer. Under such a system when there is a change of party the service escapes the indiscriminate discharge for improper reasons which have been so long demoralizing the public service.

Insures Success of Public Ownership

Any citizen should have the right to apply to a board of inquiry for the removal of employes for just cause. The experience of large business concerns with employment departments of grievance committees points to the remedy for the failure of appointing officers in the public service to make removals which the interests of service demands. With out such removal provisions the service becomes clogged with the inefficient. Under this system of removals, there is, of course, no "court trial" or "suit in court." It is a prompt and energetic exercise of administrative functions which dove-tails perfectly with the entrance examination. The public service is the people's permanent establishment, and a system of citizen control should be provided by which charges may be investigated and findings enforced. Such a system affords a remedy for removals upon secret charges, and it is just alike to the interests of the public service and the employe.

It is with the establishment therefore of the above statement upon which public ownership will measure up one hundred per cent efficient and successful.

IX. Public Ownership Movement in Different Parts of Country

PUBLIC OWNERSHIP IN MASSACHUSETTS

**By Hon. Eugene N. Foss
Former Governor of Massachusetts**

Mr. Chairman, Ladies and Gentlemen:—

I have been invited to tell you concerning the movement which has gained such headway in Massachusetts for the public ownership of public utilities, particularly the trolley lines. First, I want to review briefly the condition that exists there, for I believe it to be a little worse than in any other state in the Union.

Desperate Condition of Private Companies

The Boston Elevated, the leading and largest trolley line in Massachusetts, is now under public operation necessitated by the general conditions that now obtain in Massachusetts of the privately owned public utilities, and there has recently been collected from metropolitan Boston \$4,000,000 deficit in operation. The Bay State line, the next largest in Massachusetts, has already abandoned 100 miles of its trackage, and is contemplating the abandonment of 200 more out of a gross mileage of 800 miles. The Company has recently passed from a receiver's hands to a banker's reorganization at terrific cost, and labor troubles, which it is now facing, seem to be the last straw in the struggle of private ownership. These two companies represent 46 per cent in mileage, and 72 per cent of invested capital in Massachusetts. In Berkshire County, in the western part of the state, the splendid trolley system of approximately 150 miles has been shut down and the cars put in the barn. The Big Consolidated, in the central part of the state, owned by the New York, New Haven, and Hartford, is advancing fares to seven cents and the people are up in arms over this and vexatious zone systems. All over the state in many places where once was a trolley line, there are now two streaks of rust and from Cape Cod to the Berkshires the same story is here and there shown.

Private Ownership Breaks Down

Such, in brief, are the conditions that exist in Massachusetts and so bad had they become that, in the early part of this year, I was solicited to bring the matter before the public, and advocate public ownership, and see if some relief could not be obtained from the conditions that exist. Fares have risen as high as ten cents,

and even at this price insufficient revenue is obtained to make both ends meet. In July I wrote to Governor Coolidge, pleading with him not to adjourn the Legislature without some constructive legislation relative to the street railway situation. A five cent fare bill had been introduced and had passed the Senate, and was about to pass the House and become a law when the Governor sent in a special message creating a commission to investigate conditions, hold hearings and report back to the Legislature. A special session of the legislature will convene next Tuesday to receive this report. Already the public has it, for the hearings were, of course, reported daily, and show the conditions to be about as I have stated them. Mayor Peters of Boston and James B. Eastman of the Interstate Commerce Commission, formerly of the Public Service Commission of Massachusetts, were among those examined, and all are agreed that the public operation under private ownership is a failure, as are the increased fares. Frederick J. Mcleod present chairman of the Massachusetts Public Service Commission was among those who testified, and his contribution was the same as that which he gave before the Federal Commission which convened in August in Washington. Summing up his testimony, he said "It may well be that ultimate solution of the street railway problem must be found through public ownership; no other method offers any reasonable prospect for the restoration of the company's credit which is necessary to provide new capital."

In the "Service at Cost" plan now in effect in Massachusetts, the state had to guarantee dividends on the properties for ten years, and the outstanding result of this public operation is a continuing deficit which, while paid now by the cities and towns served, is to be eventually saddled on to the rider. Private ownership of the trolleys in Massachusetts has fallen down. Monopoly without responsibility fails to function. We have exhausted every expedient and the best thought in the community is agreed that public ownership is the only plan that will give everybody a square deal, and I have no misgiving as to the eventual verdict.

Public Ownership the Only Solution

Nearly all the water companies are now publicly owned and are efficiently and successfully operated. We are developing our water powers, and this will eventually lead to the state taking over our electric light, power and gas companies.

The Democratic candidate for governor in Massachusetts accepted my views concerning public ownership, and the most prominent plank in his platform was public ownership of the trolleys and a five-cent fare, and he received within 5000 votes of his splendid run of a year ago. The 193,000 votes of Richard H. Long against Governor Coolidge represented the belief of the people in public ownership of the trolleys and a five-cent fare, for you all know that the Boston police strike was made the paramount issue

in Massachusetts election, and you have heard the returns, for the interest was nation-wide. There can be no question that this plank accounted for the votes Mr. Long did get, for the party platform had practically repudiated the League of Nations, and with the incubus of endorsement of the Boston police strike, Mr. Long's only prop was public ownership and the five-cent carfare.

Police Strike Sets Back Public Ownership

The police strike issue in the Massachusetts election gave public ownership a temporary set-back, I say temporary because if it had not been for the public ownership of the trolleys and the five-cent fare Mr. Long would have been completely lost in the magnificent victory of Governor Coolidge which was such a land-slide that our Democratic president telegraphed his congratulations, and when a state election interests the people of the whole United States as did the recent Massachusetts election and the candidate who has received a national reputation as opposed to law and order, because of his stand in the Boston police strike matter, you will agree with me that the public ownership movement has resulted in those 193,000 votes, and is so firmly planted in Massachusetts that it will be only necessary for the political skies to clear to bring to the people the great victory that they deserve.

The Governor's commission to study the street railway question was of course a great assistance to the movement, which was hardly its intention, for the commission itself must have been somewhat surprised at the unanimity of opinion concerning the impossibility and impracticability of privately owned trolleys in Massachusetts. Since I appeared in Washington before the Federal Street Railway Commission, an advocate of public ownership and a five-cent fare, my position has been endorsed by some of the best authorities in this country upon the street railway question, while it can reasonably be expected, in the first years of public ownership of the street railways of Massachusetts, there will be a deficit, it can also be as reasonably expected that this is a condition that will not be permanent, and that normal times will restore street railways, even on a five-cent fare basis, to prosperity and profit, and it is then that the people will come into their own. If our trolleys in Massachusetts were to continue under banker management, when the prosperity and profit days arrived, instead of the people expecting new, clean cars, safe and more comfortable road-beds, and a better service they could expect another melon cutting bee of the exploiters, and I want to say right here, my friends, that the people now thoroughly understand this fact. The opposition to public ownership have shouted from the house-tops that a five-cent fare means deficits to be made up in taxation, but they have not shouted that the deficit is only a temporary burden whereas the days of prosperity and profit, when once arrived, are

a permanent condition—permanent the same as is our water systems, sewers, streets, schools, libraries, and the other great public utilities that are owned by the people and that are not subject to stock watering dividends, excessive official salaries, reorganization fees of prodigious amounts to lawyers and bankers, and for other forms and specie of graft. The days of twenty-five to fifty thousand dollar street railway presidents have gone.

The People of Massachusetts for Public Ownership

No man has any objection to honest capitalization of honest enterprises, and indeed this country more than any other, has extended a helping hand to the pioneers in the development of great national enterprises,—railroads and the like—land grants and subsidies have been given—but in our thickly congested centers, in our metropolitan cities, and throughout the country in general today, the people have no further need to pay onerous bonuses for the establishment and operation of so great and necessary adjunct to their social and financial welfare as street railways. The sooner the exploiters find this out the better it will be for their peace of mind, for the people are in earnest especially so in Massachusetts, and mean to take and own these trolley systems as being as necessary to their existence as are their schools, churches and highways.

It was unfortunate that the movement which had been so well launched in our recent annual election should have met with the misfortune of the raising of that police strike issue in Massachusetts, which claimed the center of the stage to the exclusion of all other public matters. It gripped the minds and attention of the people as nothing that has ever before happened in our state, and it was, of course, unfortunate because had it not occurred there is no question in my mind but that the candidate pledged to the public ownership of the street railways and a five-cent fare would have won out in Massachusetts by a very handsome majority; but it is only a temporary set-back and now that the people have had opportunity to declare themselves on this strike issue, attention will again revert to the most prominent issue before the people of Massachusetts today—the public ownership of public utilities, forerunner of the public ownership of all national public utilities and we in Massachusetts who are pledged to the cause have every reason to believe that success is in sight, and indeed in the very near future.

Public Ownership of Steam Roads to Follow

The public ownership of the steam railroads will follow as sure as night follows day and we in New England have good reason to look forward to its accomplishment. We are still smarting under the loss of \$300,000,000. due to private ownership chicanery in our leading railroad lines, namely the New York, New Haven and

Hartford, and the Boston and Maine. If there be a man in all New England who can complacently sit by and see these railroads, the arteries of our industrial life, turned back to the gentry that despoiled the investor, the trust fund, the savings bank, and the widows and orphans of these millions, I would commend him to the following quotation from the report of the Interstate Commerce Commission of last March:—

After referring to the increased capitalization of the New Haven, the Interstate Commerce Commission say:

“The financial operations necessary for these acquisitions, and the losses which they have entailed, have been skillfully concealed by the juggling of money and securities from one subsidiary corporation to another.”

How the New England Railroads were Looted

“It is common knowledge that the directors of these great corporations are in fact selected by banking or other interests in too many instances actuated by motives essentially adverse to the interest of the stockholders toward whom they bear a fiduciary relation.”

“Marked features and significant incidents in the loose, extravagant and improvident administration of the finances of the New Haven as shown in this investigation are the Boston & Maine despoilment; the iniquity of the Westchester acquisition; the double price paid for the Rhode Island trolleys; the recklessness in the purchase of Connecticut and Massachusetts trolleys at prices exorbitantly in excess of their market value; the unwarranted expenditure of large amounts in ‘educating public opinion’; the disposition, without knowledge of the directors, of hundreds of thousands of dollars for influencing public sentiment; the habitual payment of unitemized vouchers without any clear specification of details; the confusing inter-relation of the principal company and its subsidiaries and consequent complication of accounts; the practice of financial legerdemain in issuing large blocks of New Haven stock for notes of the New England Navigation Company, and manipulating these securities back and forth; fictitious sales of New Haven stock to friendly parties with the design of boosting the stock and unloading on the public at the higher ‘market price’; the unlawful diversion of corporate funds to political organizations; the scattering of retainers to attorneys of five states, who rendered no itemized bills for services and who conducted no litigation to which the railroad was a party; extensive use of a paid lobby in matters as to which the directors claim to have no information; the attempt to control utterances of the press by subsidizing reporters; payment of money and the profligate issue of free passes to legislators and their friends; the investment of \$400,000 in securities of a New England newspaper; the regular employment of

political bosses in Rhode Island and other states, not for the purpose of having them perform any service but to prevent them, as Mr. Mellen expressed it, from 'becoming on the other side'; the retention by John L. Billard of more than \$2,300,000 in a transaction in which he represented the New Haven and in which he invested not a dollar; the inability of Oakleigh Thorne to account for \$1,032,000 of the funds of the New Haven intrusted to him in carrying out the Westchester proposition; the story of Mr. Mellen as to the distribution of \$1,200,000 for corrupt purposes in bringing about amendments of the Westchester and Port Chester franchises; the domination of all the affairs of this railroad by Mr. Morgan and Mr. Mellen and the absolute subordination of other members of the board of directors to the will of these two; the unwarranted increase of the New Haven liabilities from \$93,000,000 in 1903 to \$417,000,000 in 1913; the increase in floating notes from nothing in 1903 to approximately \$40,000,000 in 1913; the indefensible standard of business ethics and the absence of financial acumen displayed by eminent financiers in directing the destinies of this railroad in its attempt to establish a monopoly of the transportation of New England.

"A combination of all these has resulted in the present deplorable situation in which the affairs of this railroad are involved."

2. PUBLIC OWNERSHIP IN NORTH DAKOTA

By Walter Thomas Mills

MR. MILLS:—Mr. Chairman, ladies and gentlemen: There is one way by which one can rob another and not get caught doing it and keep right on doing it after he is caught, and that one way is through unfair price. If I were to take \$100 out of another man's pocket and get caught at it it would mean the penitentiary. If I push down the price of something he has to sell and push up the price of something he has to buy and get \$100 away from him in that way it has the same effect on his pocket and the same effect on my bank account as though I had taken it from him by outright theft, but in that case I will not be a thief, I will only be a successful business man.

Breaking The Power of Private Monopoly

The only way by which anyone can establish an unfair price and let everybody know that it is unfair and have part of the people praying about it, the rest of the people swearing about it, and all of them paying it, is through the power of a private monopoly of some sort.

Where there are open markets free from monopolistic combin-

ations, underbidding among those who have to sell tends always to bring the selling price to the point close to the cost of production. When combinations arise so that one man, or one group of men, control any commodity of any use or any service which is a common necessity then underbidding ceases, and prices can be made without regard to the cost of production.

In an open market prices are fixed by the answer to this question:—How much did it cost? In a monopolistic market the price is answered by the answer to this question:—How much have you got that you will consent to give up rather than forego the thing you need?

The monopolies that are able in this way to practice industrial and commercial extortion all fall into one more or all of only five monopolies, and there are hundreds of them. These five monopolies can be hung on the thumb and fingers of a single hand. They are: First, monopolies in natural resources; Second, in transportation; Third, in large scale manufacturies; Fourth, storage in the final market and; Fifth, in finance. Every monopoly in existence is able to extort only because it is able to monopolize one or more or all of these classes of activities.

A Constructive Program of Measures Proven Practical

The National Nonpartisan League did not come into existence to present a theoretical analysis of current evils; it came into existence to deal with certain definite difficulties—not because these difficulties had been discovered as the result of scholarly investigations, but because the farmers of North Dakota had fallen under their power and in attempt to resist the extortions of monopoly they found themselves struggling, not with any one, but with all—these possible monopolies, the only ones which anywhere can exist, and they all exist in North Dakota as they do everywhere else. It is not necessary to be a philosopher, to be a scientific investigator, or to be a man of vision, to discover these monopolies. One only needs to be capable of having nose bleed when thrust against a stone wall. That was the way the farmers of North Dakota discovered these monopolies, and that is the reason they sought for a remedy.

There is not one proposal made by the Nonpartisan League which has not been built into brick and stone and mortar with the machinery put in place and the wheels going around in successful operation somewhere in the world. All that the League attempted to do was not to make new proposals, not to propose untried experiments, but to do within its own territory that which had already been successfully done elsewhere, in dealing with the same monopolies in other countries which were strangling the agricultural interests of the Northwest.

The particular measures which have been most bitterly fought were adopted by referendums and had been approved by the over-

whelming majority of the people of that state over and over again before the League was organized. The League was not organized to propose a program or to convert the people of the state as to its reasonableness; the people were already convinced as to the program. The league was organized to put it into operation:

Opening Natural Resources by Exempting Improvements From Taxation

As to monopoly in actual resources the League proposes to take taxes off from the houses, barns, fences, values given to the land by putting it under cultivation—but exempt all farm improvements from taxes and to tax all agricultural lands without regard to improvements on the basis of their unimproved land values. The farmers had discovered that four out of every ten acres of the tillable lands of the state were owned by those who are not even residents of the state, and were mostly unimproved. Their owners have never contributed anything in the creation of values which attach to these undeveloped lands. It is the owners of six acres out of ten who live in North Dakota, who have built the bridges, the roads, and the schools, who have opened up the markets in the Northwest and in that way created all the values which attach to the undeveloped lands. The farmers say the values that have been created by society shall be called upon by society to bear the social burden which makes necessary the payment of taxes. This has been enacted into law. The assessments have been completed. For the first time in America, in North Dakota, not one dollar of taxes will be hereafter collected on houses, barns, fences or any other improvements attached to the farmers' lands.

The non-resident land owner bitterly complains, but he does not vote in North Dakota. The resident land owners, by whose enterprise all land values have been created, do vote in North Dakota. The non-resident land gambler does not like it. The resident land user is delighted.

Transportation—Public Ownership of Railways

In dealing with monopolies in transportation it is impossible for any single state adequately to solve that problem. It is a matter of national concern, and the only measure which has been proposed in any effort to deal effectively with the question is the Plumb Bill. Amendments have been proposed, modifications have been suggested, but the two things which are of vital importance, and both of which are contained in the Plumb Bill and covering every part of the situation, are these: the Plumb Bill will take out of the railway problem the last remaining dollar of private investment and carry with it private control with the possibility of monopoly extortion in the railway service. It will make an end of private interests as antagonistic to the public good, and, second, it will give voice to the workers in the transportation industry, in

the management of the industry in which they are employed. These two central features of this proposal the farmers believe are essential to the solution of the transportation problem.

III Manufacture and Storage—State Owned Elevators, Mills and Terminals

It is in the field of manufacture and storage where the farmers have been most active as related to the harvest of the Northwest. This problem they undertook to solve by establishing co-operatively owned and operated farmers' elevators, but they discovered that the local elevator only handled one end of the line, that the terminal elevator at the other end was able to control both ends of the line. The ownership of the elevator covered only half the problem. The financing of the elevator involved a larger problem than the building and owning of the equipment only. They discovered that closely related to the elevator wasn't only transportation and terminal facilities, but the milling of the harvest as well. They discovered that there was nobody strong enough to finance these undertakings and assume so vast a responsibility less than the state itself, and so the demand was made and for 25 years was supported by the farmers of North Dakota prior to the organization of the Nonpartisan league.

Now our bill is on the statute. It is now in operation. One mill has been set to work under state ownership. It is selling direct to consumers at wholesale rates. It has taken out of those rates the usual charges for freight between central markets and the place of production when the goods are sold for local consumption, and on which freights are never paid. It has established a system of grain grading based upon food values, the grade to be determined by disinterested, thoroughly informed authority under a scientific process to determine food values only. In the olden time the man who graded the grain was the man who bought it; the man who sold it had nothing to say about it. Now the man who grades the grain neither buys nor sells. He does not even know whose grain he is grading and who has it for sale and who contemplates its purchase. He knows nothing of these things, but he knows all about grain and makes the grade accordingly. At one time there had been a spread between the highest and the lowest grades of grain in North Dakota of \$1.00 a bushel. By tests made at our state agricultural college it was discovered that there was only seven cents difference in real value. The farmers were losers to the amount of 93 cents a bushel, and they simply had sense enough to go after the 93 cents. Now the farmer is paid for the dockage. Formerly if there was flax in the wheat he was docked for the flax, but not paid for it. Now he pays for the dockage and has the flax as well as the grain. It is impossible for the buyer to find any flax in the wheat of North Dakota.

This state owned mill is paying 50 cents a bushel more for the light weight wheat than it was selling for prior to the opening of the mill. That would make a difference of \$25,000,000 on the half crop produced in the state this year. It will mean \$50,000,000 a year on the usual harvest. The little mill with a capacity of only 125 barrels a day, paying more for the wheat and charging less for flour and feed, made a profit at the rate of 150 per cent during the first month it was in operation. Out of the earnings of the mill the bonds issued for its purchase will be paid. All interest charges will be paid; all expenses will be paid, and then the surplus will be cut by raising the prices for raw material and cutting prices for final products.

IV Financing The People's Enterprises—The State Owned Bank of North Dakota

In the matter of financing, the financing monopoly maintains a unique position as related to all the other monopolies. No matter how great the natural resources are, they cannot be developed unless they can be financed. No one can build and operate railways unless their enterprise can be financed. No one can establish great manufacturing plants like the packing plants, steel mills, coal mines and flour mills and cold storage unless these enterprises can be financed. No one can establish and maintain a final market unless his undertaking can be financed. No one can establish a financial institution unless the institution itself can be financed into existence. Financeering is essential to the existence of every one of these undertakings. The financing monopoly is a side partner and it is in most instances the controlling partner in all the other monopolies.

The farmers discovered that they owned their elevators in vain when dependent upon privately owned banks for financing grain purchases, when the owners of private banks had elevators of their own. They built more co-operatively owned elevators in North Dakota than in all the other states together. They built a terminal elevator in St. Paul at an expenditure of a quarter of a million dollars. They have never been able to use any of them to the limit of their capacity because they have never been able to secure sufficient financial support.

Great enterprises are not financed with gold or silver or paper; they are financed with bank credit, and bank credit does not rest primarily upon cash. Bank credit, like all credit, depends for the settlement of old bills upon the production of new wealth. The \$427,000,000 worth of new wealth produced in North Dakota each year, most of which is sold outside of the state, is the sole and only basis upon which financing of undertakings must be based. Checks given to the farmers in payment for their harvests in the end are exchanged through the clearing house against checks given by the farmers for their annual supply, and these checks

cancel each other through the clearing house of the financial institutions.

How The State Bank Works

The bank of North Dakota is a bank of banks; it does not attempt to do a local banking business. It has practically the same relation to the local banks of North Dakota that the Federal Reserve Bank has to its member banks. It does not loan credit on personal security. It discounts such securities in making loans directly to the local bank. Formerly a North Dakota banker sent his surplus funds to the St. Paul and Minneapolis banks and received two per cent on his deposits. When needing funds he borrowed from the St. Paul and Minneapolis banks and paid 6 per cent, and then reloaned to the farmers, manufacturers and merchants of North Dakota at from eight to ten per cent. The North Dakota bank will pay two per cent on these surplus funds of its local banks, but it will loan back to the banks not at six, but at four per cent. The bank that borrows at four per cent can loan at six and make more money reloaning at six when it borrows at four than reloaning at eight when borrowing at six. The banks of North Dakota, which are not branch banks of Minneapolis concerns, and which are managed by real bankers, are becoming the friends of the Bank of North Dakota as rapidly as they are becoming familiar with its plans of operation.

The rumor that the Bank of North Dakota had failed, that there had been some crookedness in connection with this bank, is altogether false. So far as there was any foundation of fact the rumors were applied, not to the state bank, but a privately owned bank which for many years had been the chief bank among the privately owned banks in North Dakota which financed the farmers' undertakings. It had stood by the farmers' elevators and the farmers' stores; it had stood by the farmers' union and the Equity Society and the Grangers, and it had stood by the Nonpartisan league, it had cashed its checks, it had discounted its papers, it had carried post-dated checks of the farmers among securities as had other banks throughout the state. The attack on the Scandinavian-American Bank was an effort to wreck the bank, which had financed the farmers, in order to wreck the farmers' organization. When the wrecking was undertaken the bank had \$85,000 more cash in its vaults than the law required. It had never defaulted in any payment. The bank is now in the hands of its owners. The only effect of the run on the bank has been it has vastly increased its deposits, and it is now in process of reorganization, not on the basis that at any time it has been engaged in illegal banking, but because the attack on it has led to the resolve that it shall be made the strongest bank in all the Northwest. Its capitalization is to be carried from the \$50,000 of capital up to \$600,000 instead.

Interest Rates Reduced From 12 to Three and One-half Per Cent

The Bank of North Dakota also functions after the manner of the Federal Farm Law. It loans one-half the value of real estate on a long time mortgage under amortized payments. It has already cut the interest rate on farm mortgages from eight and seven to six per cent. It adds one point and charges seven, the one extra point being collected to cancel the principal, and in 30 years, with payments almost two points less than the prevailing rate of interest on such mortgages, the farmers pay both principal and interest. These rates will show large earnings. The earnings will be available for retiring the bonds, paying the interest on the bonds and there will still be a surplus, and as the surplus continues to appear interest rates will continue to fall.

I want to refer to the Farmers' Bank of West Australia. I put in a month there on the ground, most of the time with a guide, among the farmers, who had been borrowers, and among the business men who had been its indirect beneficiaries. When this West Australia Farmers' Bank went into business the prevailing interest rate on farm mortgages was 12 per cent. After it had been in business for 21 years by the process of cutting rates whenever a surplus had arisen, the prevailing rate on farm mortgages had been carried down to three and one-half per cent. That is the sort of work the State Bank of North Dakota is doing in our state.

V. Marketing—The State Will Act if Necessary

As to the final market, provision is made in the new league laws for the maintenance of such markets in the sale of agricultural products, and flour is in that way being marketed at this time. How far the matter of state owned markets is to be extended will be determined by the position assumed by those who now control the final market. There will be no disposition to establish unnecessary state-owned markets simply to satisfy some person's fad. If people now in control of final markets will pass on to their purchasers the benefits made possible by lower freight, lower interest rates and improved systems of taxation, then there will be no general invasion of that field, as no such invasion will be necessary, but in the event that private monopoly shall attempt to appropriate for itself any share of these savings made possible by these state-owned enterprises and so withhold them from the ultimate consumer, then the state is in a position to follow its product to the garden gate of the man who buys them, never to offer them in the market again.

Organized Labor And Farmers Combine

There are two other matters that should be mentioned: the Non-partisan league of North Dakota has had the co-operation of the

trade unions of that state. In the last election it increased its vote in the cities and towns more largely even than in the country districts. When the last state legislature went into session there was not one law on the statutes of North Dakota put there in behalf of labor. In a map published by the Labor Legislation Bureau of New York, North Dakota was shown as a black spot. When the Senate had adjourned, what is agreed by everyone to be the best code of labor laws ever put on the statutes of any state had been placed on the statutes of North Dakota. North Dakota became not the one black spot on the map north of the Ohio river, but the whitest spot on the American map as related to labor legislation either north or south of the Ohio river.

Charge of Disloyalty Refuted by the Facts

Finally, the arguments of the League have never been answered. Instead, attacks have been made upon the League's officials, upon the League organizations, or anything and everything except the League's program. Among these, the most unjustified and the most infamous of them all, has been the accusation that the League was disloyal, pro-German. The answer to this is brief, and it is conclusive. When our country declared war against Germany the League had employed a large corps of lecturers. There were a thousand organizers in the field, each with a Ford car driving from house to house. There was a full staff of officials in 13 states. There were three daily newspapers. There are now over 100 local papers. There were books and pamphlets without number, and this is the record: not one organizer, not a lecturer, not one newspaper editor, not one official connected in any way with the Nonpartisan league, not one person authorized in the remotest manner to be its spokesman, has ever paid one dollar of fine, or spent one hour in a jail or prison under conviction for the violation of the sedition laws, and not one newspaper has been obliged to suspend its publication nor one pamphlet refused the mail, nor one line of its literature declared disloyal by any court. This is a record that no other organization of its kind can boast of. Most of the men in penitentiaries under charge of sedition voted for Mr. Wilson in the last election, those who did not vote for Mr. Hughes; and the few who are there and voted for neither of these were not Nonpartisan leaguers. North Dakota's attitude toward the men who defended our country is best shown by its legislation as related to the soldiers.

Returning Soldiers Join The League

I was among the men called on continuously to speak the words of farewell to the groups of North Dakota boys leaving for the European trenches. In those addresses I always said something to this effect: "Young men, you are going to the trenches of Europe to defend the homes and the lands of North Dakota

against the rising menace of an old despotism. Some of you who are going have lands and homes of your own. Those who have are going to Europe to defend your own homes and your own lands. Some of you have neither homes nor lands of your own to defend. You are going to defend the homes that are not yours and the lands on which you have no claim for yourselves. Those of you who are staying at home pledge those of you who are going away that while you are gone we will fix things in North Dakota so that when you come back to us you shall have a man's chance for a man's home, not in the sage brush of the desert, not in the wilds of Alaska, but on the best land in North Dakota, the land that you went to defend." And this pledge has been made good.

The State Finds Homes And Lands For Them

The state of North Dakota has appropriated \$25 for each month for each soldier in the service, whether his enlistment was made in France, Canada, or wherever it was made, just so he was a citizen of North Dakota, \$25.00 for each month he was in the service. This money can be drawn to extend his education, and it may be expended in that way, or it may be deposited with the Home Building Association as a part payment, not on a homestead in the midst of the sage brush, but a home in a town or a farm in the country, anywhere in North Dakota where he may make his selection.

The state will not only make this contribution, but the Home Building Association will go back of the lumber trust and the brick trust and will provide building materials, purchase tracts of land, and subdivide into farms in the country and into building lots in the town and construct on large scale construction the improvements necessary, and will sell these at the cost of production to any of its citizens on the payment of one-fifth down and the other four-fifths may be paid in installments under amortized payments through a period of 20 years, and if God stops the rain, and the rain stops the harvest, and the harvest stops the income, and the lack of income stops the payment, then the state will extend the claim for payments until the rain comes back.

The boy who drove the car I rode in in the campaign of last June in North Dakota in defense of the League measures against a referendum proposition that they should not go into operation, a campaign which resulted in giving us 17,000 more votes on the merits of these measures than the League had ever been able to poll before—the boy who drove the car I rode in some 5,000 miles in that campaign, was just back from France. He was still wearing his uniform. He had been 22 months in the service. He had been 15 months in France, he had been knocked down twice going over the top, he had been gassed. He was finally wounded by a bursting shell that tore his back into tatters and crushed his

shoulders, permanently disabling an arm. He drove that car with his one remaining arm that was good.

The girl who had waited for him while he was gone seemed to care more for him with the one arm that was left than for the two arms that he went away with. She has married him. They are to make their home in Fargo. He went with me to the office of the Adjutant General, wrote his name across the application for a \$2500 cottage in Fargo. I am told they will be able to provide for him a cottage for \$2500 under the Home Building Plan which would have cost him \$4000 in any other way. The state will pay the first \$550. He will have 20 years in which to pay the \$1950 remaining, and if at any time sickness or accidents will lessen his income by one-half, then payments are not required until health and strength shall be restored.

This is the program of the Nonpartisan league. This is its program, this is what the farmers of North Dakota have accomplished in that state. This is the program that is being adopted by the farmers in all the neighboring states. There are no better Americans, no better citizens, none who strive more sincerely for the maintenance of the peace, for the settlement of public questions through the means of discussion and by the authority of the ballot, than are the members of our League.

3. THE PUBLIC OWNERSHIP MOVEMENT IN ILLINOIS

By Hon. Edward F. Dunne
Former Governor of Illinois

The subject of public ownership of public utilities has had careful consideration by the people of the State of Illinois for several years last past and they have shown by their votes at the ballot box an abiding conviction that public ownership is the true solution of the management of all public utilities.

As early as in the year 1902, the people declared at the ballot box overwhelmingly in favor of public ownership. Again, in 1906, the people of Chicago declared in favor of the ownership and operation of public utilities in this great city. The most recent and conclusive expression of the people upon that subject took place during the present month, November 1919, when the friends of public ownership, under the Public Policy act, placed upon the ballot the question relating to public ownership, which challenged and succeeded in obtaining the opposition of all of the metropol-

itan papers of Chicago, except the Hearst papers, and nearly all of the conservative and influential papers in Illinois, outside of Chicago. The Hearst papers gave the question active and vigorous support.

People of Illinois Favor Public Ownership

This question submitted to the voters the issue as to whether or not municipalities should be empowered to issue bonds for the acquisition of remunerative public utilities, such as water works, gas works, electric light plants and street railways, warehouses, abattoirs, cold storage houses, and other public utilities, irrespective of constitutional limitation that might be placed in the constitution limiting the indebtedness of cities and municipalities.

The papers and organizations and citizens opposing the insertion of such a provision in the new contemplated constitution urged vigorously and strenuously upon the people that to permit such an amendment to the constitution would be to involve the people in wholesale socialism and to subject them to heavy taxation, without limitation. The Civic Federation, the influential papers, with the exceptions noted, and the capitalists of the State in general carried on a most aggressive and obstinate fight against its adoption, and yet the people, after years of careful consideration of the methods pursued by the private owners of public utilities, overwhelmingly declared at the election by a majority of about sixty thousand, in favor of the incorporation in the new constitution of a provision enabling all cities and municipalities of the state to issue bonds, without limit, for the acquisition of such utilities.

A peculiar feature of the election was that, while the people declared emphatically in favor of the Initiative and Referendum which was submitted to them at the same election, they declared by a much greater majority in favor of the acquisition of public utilities by the issuance of bonds without constitutional limitations. This vote, in my judgment, settles for all time the question as to whether or not the people of Illinois favor public ownership of public utilities in this state. The trend toward public ownership has been manifested in other ways than at the ballot box.

Municipal Electric Light and Power Plants

Municipal electric light and power plants are more easily acquired by the people than any other public utility; largely owing to the fact that electricity is a comparatively modern invention; and the installment of electric plants has proceeded with great rapidity, owing to the economy of such light and power, when distributed from central plants. Cities are installing throughout the state electric light and power plants with great rapidity—some of them private—most of them publicly owned.

In 1916, there were in the State of Illinois 86 publicly owned electric light and power plants which were distributing light and power to probably one-half of all the citizens of the State of Illinois. These plants were being operated by the public efficiently and economically, the rates charged being considerably less than those charged by privately owned companies. Since that date, many other installments of publicly owned plants have occurred and the tendency toward public ownership is decisive and progressive.

The field for street railways and gas plants had already been occupied by private companies before the public became awake to the desirability of publicly owned plants. Street car systems and gas plants were entrenched in the cities under long franchises, some of them perpetual, and owing to the limitation in the constitution upon the indebtedness imposed upon cities and municipalities, it has been impossible to acquire these large plants by condemnation or purchase.

Long Struggle for Enabling Legislation

When I was governor of the state, I succeeded in having the Legislature pass a law in 1913, empowering all cities and villages to own and operate all public utilities, but owing to this constitutional limitation upon indebtedness up to the present time, it has been found impossible, with but few exceptions, to acquire the existing street car systems and gas plants. Publicly owned water works are quite common in the state of Illinois, the most prominent being that of the city of Chicago and that of the city of Springfield, both of which have been operated for years, both economically and efficiently and to the great satisfaction of the people of those cities.

When I was mayor of Chicago in 1906, the people of that great city approved a public ownership project authorizing the issuance of special certificates of indebtedness, payable only out of the income of the proposed street car system. The Supreme Court however, held these certificates—although upon their face they were limited in payment to the receipts of the proposed street car system—a general indebtedness of the city and within the constitutional inhibition against indebtedness.

The demand of the people of Chicago for the public ownership of its street car system was thus temporarily defeated by this decision of the Supreme Court, but it has been delayed. The present mayor of Chicago, to his credit, has taken an aggressive stand in favor of the public ownership of the street car system of the city of Chicago and has introduced an ordinance into the city of Chicago, having in contemplation the acquisition of the street car system by a public corporation, like the Sanitary District,

whose trustees shall be elected by the people and who shall be given the power to issue bonds for the acquisition of the street car systems.

Constitutional Convention Should Give Relief

The Constitutional Convention will soon be held and the delegates to that convention must, perforce, yield to the recently expressed demand of the people for constitutional provisions which will enable all of the cities and villages and other municipalities of the state to issue bonds, without constitutional limitation, for the acquisition of such utilities. If they stand in defiance of the people's will, as expressed at the ballot box on the very day when they were elected delegates to the Constitutional Convention and refuse to incorporate in the constitution such provisions, the proposed new constitution is doomed to defeat at the ballot box.

The city of Springfield is a notable example of what can be accomplished in the operation of public utilities by the people. That important city has elected as its commissioners men committed to public ownership—the most distinguished member being Willis Spaulding—and, largely through his energy and insistence, that city presents probably as fine an example of the success of public ownership in the management of its water works and electric light plants as exists in the state of Illinois, or in the United States, and the citizens of that city have evinced their confidence in public ownership and operation by voting four to one this present month for the insurance of \$400,000 of the city's bonds for the further development of the municipally owned plant.

The citizens of the state will never get rid of the intolerable wrangles that have characterized the struggles between the people and the capitalistic owners of private utilities until the constitution and the laws of Illinois are in such condition as to enable every city and village in the state to acquire, own and operate these public utilities for the public good.

4. THE PEOPLE'S MOVEMENT IN THE GREAT NORTHWEST

**By Hon. Lynn J. Frazier
Governor of North Dakota**

GOV. FRAZIER:—Mr. Chairman, ladies and gentlemen, I feel just a little out of place here. I am not used to speaking in a hall like this.* If I were at some farmers' picnic or at some labor meeting in some dingy hall I would feel more at home. (Laughter.)

*The Sessions of the Conference were held in the famous "Gold Room" of the Congress Hotel.

I have never had much experience, in fact no experience in public speaking until I got mixed up in politics, in the farmers' movements, and I am not quite at home, especially with any audience, except an audience of farmers.

A DELEGATE:—That is what we are.

THE CHAIRMAN:—Here is one, governor. (Laughter and applause.)

GOV. FRAZIER:—The chairman says he is a farmer, and I understand that he is. I am very glad that so many people here in Chicago and other places, people of influence, are taking an interest in the movement in North Dakota. Many of you I presume do not understand just what the situation is out there. Some of the papers have called it a "class movement," but when you stop to consider that 80 per cent of the population of North Dakota are farmers who live upon the farms and earn their living by tilling the soil, it can hardly be called a "class movement." It is a majority movement, and with the farmers comes the organized labor of the towns and cities of our state, so it is a farmer-labor movement and a movement by the common people themselves.

A gentleman told me the other day that some one told him in Washington a short time ago that there was something serious happening in North Dakota; that the farmers were taking control, the farmers and the workers of the cities were taking control of the government—had actually captured control of the government and were putting through state ownership propositions, etc., and that it was a mighty serious situation; and this gentleman said—he remarked to the man who made this statement to him, "Yes, it is a mighty serious situation when the people themselves take control of the government, a mighty serious situation." (Laughter and applause.)

The man who made that statement was Glenn Plumb. (Applause.) And he said that the gentleman who started to tell him about North Dakota turned and walked the other way, and would not prolong the discussion.

State Owned Elevators, Mills, Packing Houses and Banks

Our program in North Dakota and the other states in which the Nonpartisan league is organizing varies; it varies in different states according to the situation, of course, but in North Dakota it is for state owned terminal elevators and flour mills, because wheat raising is the one great occupation of the people of North Dakota. Wheat is the one great product of that state, and in the past we have had to ship our wheat out of the state down to the Twin Cities or to Duluth or to Chicago, pay the freight upon that wheat, have it ground into flour by the big mills in the cities, either Minneapolis or some other place, and the flour was then shipped back—we had to pay the freight on the flour back to

North Dakota, and we felt if we could have a state-owned mill and state-owned terminal elevator within our state, keep the products of the state at home, manufacture them into the finished product and sell them to our people in the finished product and send them out to other states in the finished product, thereby saving the freight both ways, that we have had to pay in the past and cut at the same time the profit of the speculator, the middle man, who had made more money in handling the grain that we raised in North Dakota than the farmers did themselves—we felt if we could change those conditions by state owned terminal elevators and flour mills, that we could not only better conditions of the farmer, give him a better price for his product, but we could also sell these finished products cheaper than they were sold under the old system, thereby giving the benefit to the consumer, and the wage-earner in the state. We also stood for state owned packing plants and cold storage plants to take care of the other products that we produced. We also stood for state hail insurance and for the exemption of farm improvements from taxation, for a state owned rural credit bank, to be operated at cost to give the farmers cheaper money to finance their agricultural propositions.

The People's Bank of North Dakota

We have accomplished some of these things, and some of these public utilities are in operation. We have in operation the Bank of North Dakota. It has been going since the latter part of July, opened on the 28th of July. In their statement of October 15th, when they had been in operation less than three months, they had over \$17,000,000 in deposits; they had over \$5,000,000 in applications for farms loans, and their net profits for that time, although it is not run for profit, their net profit for that time, less than three months, was \$47,000; and at that rate they may be able to pay better rates of interest, or reduce the rates of interest on the farm loans and be of better service to the people. (Applause.)

We have a state owned mill. It was a little mill that was bought by the Industrial Commission of the state to try it out, to see what we could do in a small way with a state owned mill. This little mill is situated at a little town called Drake. Some of the farmers there got together—there was a mill in the town that was for sale; they went out and sold bonds enough, elevator bonds, to buy this mill, and so the Industrial Commission bought this little mill at Drake, and it is known as the state owned mill of North Dakota. This mill, when it had run 26 days, showed a net profit of \$2300, and at the same time they had raised the price of wheat. They had paid for their wheat upon its milling value, graded the wheat upon its milling value rather than upon weight, sample or any other way; had paid the farmers for the

dockage that was in the wheat and had sold the flour and bran and shorts cheaper than the other mills were selling them. I got a price from the mill according to the market on the 8th of November, and I took pains to get the price list in Bismarck on the same day—and the mill at Bismarck and the mill at Drake are practically the same distance from Minneapolis. The state owned mill at Drake on the 8th of November was paying for No. 1 wheat \$2.88 per bushel, the mill at Bismarck was paying \$2.87; No. 2 wheat, Drake \$2.85, Bismarck \$2.84; No. 3 wheat, Drake \$2.80, Bismarck \$2.77. Flour was selling at the state owned mill, the best grade, for \$13.50 per barrel, at Bismarck it was selling at \$14.20 per barrel. Bran was selling at the state owned mill at \$38.00 a ton, at Bismarck it was \$39.00 a ton. Shorts were selling at the state owned mill at \$42.00 a ton, at Bismarck \$47.00 a ton.

This little mill that, in 26 days, made a net profit of \$2,300, is only a 125 barrel mill, and I am told by millers that a mill of four or five times that capacity could be run for practically the same overhead expense as a mill of this small capacity, and if we could put out four or five times as much flour and by-products as we have with this little mill, the profit would naturally be about that much larger.

Now this mill is not to be run for profit, but to pay the running expenses to create a sinking fund to pay off the bonds that go to build and buy those mills. The industrial commission have decided to locate a large terminal elevator and flour mill at Grand Forks and the architects are now working on the plans for a 2,000 or 3,000 barrel mill and about a million and a half storage or terminal elevator to be located and built, as we understand, to take care of next year's crop, at Grand Forks, North Dakota, and when we get this larger mill and terminal elevator into operation, and if that succeeds, as we believe it will, there will be other mills and elevators built in the state until we can handle all the wheat that we raise in the state and sell it as North Dakota flour, under the seal of North Dakota, backed by the state of North Dakota, rather than sell our No. 1 hard wheat that we have been selling, shipping it down to the big mills in Minneapolis to be mixed with soft wheat, and raise the grade of the soft wheat, making a great profit, an enormous profit for those mills, by mixing the hard wheat from North Dakota with the soft wheat of other states and selling it for the best grade of flour.

We have state hail insurance. It has been in operation just this one season. It has proved quite successful although there is some opposition. It is, of course, rather hard to get anything of that kind, any new measure, running smoothly all at once, but with some amendments that will be necessary, some changes in the law, I think without any doubt that the hail insurance law of the state will work out very beneficially.

We also have a state grain grading act, which grades the wheat that the farmer sells according to its milling value and the farmer is paid for any dockage that is in the wheat that has any feed value. In the past the farmer paid the freight on whatever dockage, wild oats, mustard seed or other foreign substance in the wheat, paid the freight on that dockage to Minneapolis, and gave it away, the millers and terminal elevator men cleaning that dockage out and grinding it into feed, making enormous amounts of money on that feed given to them on which the freight was paid to Minneapolis by the farmers of North Dakota.

The Farmer Finds It Pays

A few days ago a young man came into my office, told me who he was and where he lived; that he was a farmer. He said, "During the summer months I have been working for the Non-Partisan League in the spare time that I have had between seeding and harvest time." He said "There were two farmers in that neighborhood that we never could get to join." He said "They said they would vote right," and he thought they did "but they did not want to put money into an organization until they were sure of getting results." He said, "One of them met me in town, and said 'Have you still got blanks for the organization work of the Non-partisan league?' He said, 'I want to join.' He said he was quite surprised and wanted to know why it was. He said, 'I had a mighty poor crop of wheat this year on account of the dry weather and only a few loads to sell, but,' he said, 'I got \$28 for my dockage this year, and I will give \$16 of it to the League.'" And reports like that are coming in from all over the state.

The opposition say we raised the taxes. Of course our taxes are higher but they are higher in every other state in the union. The cost of living has gone up, salaries have gone up and general expenses have gone up. It costs more now to run the state than it cost three or four years ago, and there is the natural growth, and the taxes are somewhat higher without question, but the farmer who has had a normal crop of wheat the last two years and has sold it under the state grading act that we put in force, has saved more money on his wheat than the extra taxes will cost him for years to come, beyond question. They are getting results.

We also bond our state officials under a state bonding act. All public officials of the state are bonded by the state bonding act. We insure our public buildings, all public buildings in a state insurance fund.

Bitter Opposition by Trusts, Combines and Financial Interests

You can readily see where the opposition to our movement comes from and why there is opposition to the movement in North Dakota. There is the milling trust, the beef trust, the grain trust, the grain combine, the big insurance combination and loaning

companies, the financial interests, the banking interests, the bonding companies and a large number of other big business interests, financial interests that are bitterly opposed to our movement in North Dakota, because it is taking some of the easy profits that they have been getting away from them, because it is preventing them from making the easy money that they have been making out of the farmers of North Dakota, and they know that if this movement succeeds in North Dakota, that if the movement that started in North Dakota is a success, if it benefits the people of that state, that it is going to spread to other states, and they cannot stop it, and that is why they are so anxious, that is why they are doing everything in their power to kill that movement in North Dakota before it succeeds any further, before this big terminal elevator and flour mill is put into operation and handles the products that we raise there.

That is why they are trying to discredit the organization; that is why, during the wartime they called us "pro-Germans", I. W. W.'s and all that sort of thing, because they know that if this movement succeeds in North Dakota that it is going to spread to the other states and they cannot stop it, neither they nor anyone else can stop it (Applause.) And so we have bitter opposition. (Applause.) They sent in money and men, newspaper writers, to fight this organization; they even hired members of the clergy to go out and fight this farmers' organization, called it socialistic—and some few of you in the audience I recognize as having been up in North Dakota, and you know something about the fight that we have had to put up, the slander, the vilification and the misrepresentation that we have been up against, and it is mighty hard for us to fight all of this misrepresentation and this great force; but, as I said before, we are in this movement because we believe it is right, because we believe it will benefit the producers of our state, the people who do the work, who are entitled to the products of toil, and if it will benefit them, the rank and file, the majority of our state, it is a good thing, and no one should have anything to say against it.

Bonds All Right for Corporations, but All Wrong for the People

At the last general election we voted to bond the state to finance these public utilities and to start the bank of North Dakota. The bond included \$17,000,000. The opposition put up a great howl because we were going to bond the state, going to go into debt for \$17,000,000—a great state, where the valuations reach over \$2,000,000,000 bonding itself for \$17,000,000. Why, the great railroad companies that operate across our state bonded those railroads for three or four times what the railroads cost, and sold the bonds, and that was all right; that was perfectly all right; that was business. We have cities in our state that are bonded to a high percentage of their wealth to pave the streets, to put in sew-

er systems, water works or many other improvements and that is all right. No one had any objection to raise that but when the sovereign state goes to bonding itself to put in public utilities, to put in state owned terminal elevators and flour mills for the benefit of the people who do the work and produce the wealth of that state, why it is a great crime, and we have had all the opposition in the country opposing it. However these bonds were issued and were voted upon by the people at the last general election and then of course passed by the Legislature.

Unfortunately among our state officials who have been elected, endorsed by the farmers' organization and elected by them and reelected a second time—three of those state officials, for some reason or other, turned traitor to the organization, and went with the opposition. I don't know why they did it, and I don't know as anyone else knows, but that is always the case. You know, even the Great Master, in appointing his twelve disciples named one traitor out of the twelve, and I don't suppose any organization here on earth can do or hope to do as well as that; and in North Dakota we got three traitors in our bunch (laughter); but I am proud of one thing, ladies and gentlemen: that no one of those three traitors is a farmer, not one of them. (Applause.) One was a lawyer, another was a newspaper man, and the other was a politician. (Laughter.)

MR. MILLS: Jesus didn't have any of those in His crowd.

MR. FRAZIER: Well, we had to take the matter into the Supreme Court before we could get our bond signed, because one of those men refused to sign the bond as the law required him to do. Immediately after the legislature closed, after some of those laws had been enacted creating an industrial commission that would have charge of the public utilities and the selling of the bonds, there were 42 taxpayers, very much interested taxpayers of the state, who started a suit in the Federal District Court for a sort of injunction against the state going into private business. They were very much interested in the welfare of the state. But fortunately we had a district judge there who, I believe, is one of the fairest and squarest district judges in the United States, and Judge Ammanon is a man that has backbone enough to stand up and say what he believes is right and give a decision accordingly, an opinion on what he believes is right, no matter who it affects; so he decided against these 42 taxpayers, in favor of the state. (Applause.) The cause, of course, was appealed to the United States Supreme Court, and is still tied up there.

Desperate Measures to Discredit The State

When we made a deal to sell the bank bonds and sell the terminal elevator real estate bonds, with some of the big bonding companies, of course they said they would agree to sell the bonds but be-

fore they could sell them they would have to have an opinion of a bond attorney, one in this city and one in New York of national reputation as bond attorneys. When it was put up to those bond attorneys they made the statement that they wouldn't consider those bonds, or give an opinion upon them until the matter was settled by the United States Supreme Court. So our bonds are held up. A suit has been started lately in the State Supreme Court, practically upon the same ground, putting the proposition up to the State Supreme Court for their opinion as to whether the state has the right to go into these enterprises, and whether they have the right to issue these bonds. When the bonds were being offered for sale or were being considered by the bonding company, a prominent corporation attorney of Fargo heard that a certain gentleman at Bismarck was interested in the sale of the bonds, a certain banker there. He immediately volunteered his advice and his opinion in regard to those bonds. This corporation attorney is attorney for the railroad companies, by the way, and he wrote to this banker at Bismarck telling him in his opinion that these bonds were not worth the paper that they were written on; that they were illegal and unconstitutional. It seems mighty strange that a prominent corporation attorney, a man that demands and gets enormous fees for the work that he does—it seems mighty strange that he would volunteer \$1,000 worth of his advice gratis in a case of that kind (laughter). And ladies and gentlemen, it is going to be mighty hard for any Public Ownership League to succeed to any great extent as long as we have corporation attorneys that will fight these things, as long as we have judges—and now I don't want to be personal.

That reminds me of a story. In the early days of North Dakota there used to be a ranger named Kelly, who used to get mixed up in a poker game once in a while. One night they got to playing a poker game and a man sat in the game who had only one eye. After a while, they were playing heavy stakes, Kelly being loser, got disgusted, pulled a six-shooter out of his pocket, laid it on the table and said, "Gentlemen, I don't want to be personal, but I want to serve notice there is somebody in this game cheating, and if I catch that man again I will shoot his other eye out." I don't want to be personal, but as long as we have corporation attorneys like Judge Gary, as long as we have judges in the federal courts who will issue injunctions contrary to all law and justice and the Constitution of the state and of the United States against the people, against the rights of organized labor, a great corporation attorney like Judge Gary that will not allow a body of organized men their rights of collective bargaining will not even confer with them as to what they believe are their just complaints and just demands, as long as we have such men as that and as long as we have newspaper reporters that will hand in any kind of

a report that the man who controls the newspaper wants, as long as they will give any report that is wanted, regardless of the truth of the matter, and as long as our wealth, the bulk of our wealth is controlled by a small handful of people, it is going to be mighty hard for the rank and file of the people to get away from it, to get control of the government of their state or the nation or to run public utilities for the benefit of the common people—mighty hard. (Applause).

Now in North Dakota we have started a movement of the people taking control of the state government and running it for what they believe to be the benefit of all the people of the state, and it is fought by all the interests. So when these bonds were to be sold a movement was started to discredit them. The newspapers, the opposition papers in the state sent out reports to the Eastern papers saying that North Dakota had gone Socialistic and making fun of the state bank, making fun of the terminal elevator and flour mill, and when one of these bond men in the city of New York was told by his company to go out to North Dakota and find out something about the bonds and put in a bid for them, he sent a clerk to the Bond Buyers office in New York, a little magazine called the Bond Buyer, to find out something about the North Dakota bonds, and the only thing that he could find there was a reprint of an editorial of one of our papers of North Dakota criticising the state administration for being socialistic, criticising the state for bonding itself to put in Socialistic enterprises, and that was the only thing that the representative of the bond company could find in that little magazine called the Bond Buyer.

Conspired to Wreck Our Bank

There was an effort made to wreck some of our banks—you perhaps have read something of it,—a bank in Fargo, called the Scandinavian-American Bank, a farmers' bank, whose stock was largely owned by farmers. This bank had been very friendly to the Non-Partisan League, and other farmers organizations and had loaned them a good deal of money to finance them, taking farmers' notes and post dated checks. I don't know whether you know what post-dated checks are. Up there we have a one crop occupation, you might say. The farmers get their money in the fall. So the organization of the league would call upon the farmers in the winter or the spring, those who did not have money would give a post dated checks, dated after harvest or threshing time, so when they would have money from their crop they would pay the post-dated checks.

The Non-Partisan League, to raise money, put up those post-dated checks and farmers' notes two to one, that is two to one of the value of the money they would borrow from the bank to get

money to run the organization. This bank, it is true, was carrying heavy loans and probably over-loaned, according to the law, but it is common custom in North Dakota, especially in the fall of the year, for the banks to over-loan. They have to do it in order to take care of their customers, but it is considered perfectly safe, because as soon as the crop is harvested and threshed these loans are taken up and there is nothing said about it by the banking board or the bank examiner. In our state the bank examiner is practically the one that has the say in regard to the standing of the banks. He examines them or has his men examine the state banks, and if he finds a bank is doing questionable business, or if he believes it is insolvent, why he can, with the consent of the state banking board, take charge of that bank and put in a receiver and straighten up the affairs or close up the bank.

A Clever Frame-Up That Didn't Work

About this time, just before this bank was closed, there was a company that applied for permission to sell stock under the Blue Sky Law of our state. The Company had their property in Florida, and the banking board consists of Attorney-General, Secretary of State and the Governor. The Attorney General and the Secretary of State were two of the three traitors in our administration. When this Florida company wished to sell stock up there they put through a motion to send the state bank examiner to Florida to examine all the property of this company in Florida, to see whether or not they were to be admitted under the Blue Sky Law of the state, to sell stock in North Dakota. That was plausible; looked all right, and the bank examiner went to Florida. I happened to be away a few days. A special meeting of the board was called by the other two members and they passed a resolution to authorize the Attorney General to send one of his assistants and to get two of the deputy bank examiners to go to Fargo to examine a certain trust company that they named, that some complaint had been made about, to examine that trust company or any other bank in Fargo.

The assistant Attorney-General and two deputy bank examiners went there. They didn't go near the trust company but went to the Scandinavian-American bank, held an examination and the assistant Attorney General wrote a report in which he claimed the bank was insolvent, that the farmers' notes and post dated checks were not worth more than 50 cents upon the dollar and that the bank should be closed. I did not know that this examination was being held at all, until the morning that the banking board came into my office for a special meeting with this report. I told the other two members of the banking board that I was personally acquainted with the men who were at the head of that bank, with some of the directors; that I knew many of the stockholders and

that I was confident if that bank were given 10 days that they would take out whatever paper the banking board would ask them to take out. I was confident that they could straighten out that bank in any way the board asked them to do. But there was nothing to do but to close the bank and have a receiver appointed, although the law plainly says the bank examiner shall appoint the receiver; but the majority of the banking board appointed that receiver and sent him down there and closed the bank. We had a meeting in the forenoon at my office, got through about half past ten, the bank was close at one o'clock and during the forenoon of that day the other banks of that city, through the clearing house, demanded cash from the Scandinavian bank for all the money that was owing to them, instead of taking the usual form of cashier's checks, evidently knowing that something was to be done with the Scandinavian-American bank that afternoon.

The bank was closed; an order was asked to show cause why those men should not turn that bank over, either to the directors of the bank or to the state bank examiner, and a date was set for a hearing. The Supreme Court ordered the majority of the banking board to turn the bank over to the state bank examiner and for the state bank examiner to open the bank if he saw fit, or close it if he saw fit. In the meantime there was a general massmeeting called at Fargo. A call was sent out asking members to come in there because the opposition were trying to wreck the farmers' bank and other farmers' banks of the state, and, of course, the Bank of North Dakota was coupled with it. Reports in the Eastern papers said it was the Bank of North Dakota that was failing I do not know where these reports came from but that is the report that went out. In the meantime the Attorney General ordered the state auditor to go in and check the Bank of North Dakota. Well, the state auditor has no more right to check the bank of North Dakota than any other citizen of the state has, and we had to throw them out, would not let them check this bank. (Applause) They got an order from the district judge to show cause why they should not check the bank, but the district judge said there was nothing to do about it; that they had no right and that ended it.

A New Kind of "Run on the Bank"—Farmers Deposit \$39,000.00

At this mass meeting at Fargo there was a large attendance of farmers from all over the state, although it was bad weather, between 6,000 and 7,000 farmers came from all over the state, and when the proposition was put up to them to buy stock in that Scandinavian-American bank, to make it the largest state bank in the state, they readily responded, and after the meeting that night which closed about 11:30, some farmers went to that bank then and went into the waiting room to deposit money, to leave money with the bank examiner to be deposited to their credit just as long

as the bank remained open, showing their faith in that bank. It was a run on the bank—I think probably it was the only run of that kind in the history of the United States on a bank. (Laughter and applause). When the bank was opened the first day there were \$39,000 more deposited in the bank, \$39,000 more than there was drawn out, and the deposits have been increasing every day since. (Applause.)

The Coal Situation

Now there is a great deal said about the coal situation in North Dakota. We have in North Dakota a great deal of lignite coal, a low grade of bituminous coal, but we have, according to government estimates, a larger amount of that lignite coal than all the other states put together. The government estimates it at 600,000,000 tons. I am like Mr. Vrooman—I don't know how much that is but we have a great deal of it, at least, and we have a great number of mines mining it. In the last year or so the miners have been organized in most of these mining communities and belong to the miners' union, and when the general strike was called and we found, along toward the latter part of October, that the miners of North Dakota were going out and we were short of coal—because this lignite coal does not store very well, it air slacks, forms into dust if it is kept in a dry place during the summer, so it is not bought in the summer to store; but it is all right in the winter time, when the weather is cold, and it makes good fuel. So when we found the miners had been called out to go on strike on the first of November, I wired to the acting president, Lewis, and told him what the situation was; that the state was covered with snow; the weather was cold, and that it would be a great hardship if the miners went out and the mines were closed, because we were short of coal. Many of you don't understand the situation in North Dakota. At the present time the state is covered with a foot to three feet of snow. We have had zero weather all over the state.

Private Ownership Breaks Down—A Serious Situation

It is a serious situation when you have insufficient fuel to keep warm under conditions of that kind. Mr. Lewis immediately wired back that he had referred the matter to the district president, the representative of Billings, Montana. Our mining district includes North Dakota and Montana and I wired to the district president and he came to Bismarck for a conference. That was on the first day of November. As soon as he got my telegram and the telegram from Mr. Lewis, he issued an order to the miners' local of North Dakota asking them to keep on with their work until further notice, and all but one local kept on, and that one local did not get the wire on time and went out the first of November, the same as the other miners, but that mine went to work again on Monday

the 3rd of November. We called into conference the mine operators and the officials of the miner's organization, and tried to make a compromise, and there was a compromise offered by the district president and the miners' union officials but the operators would not accept this compromise; they said that they wouldn't agree to it and we carried on the conference two or three days, but they would not agree to it. Finally they decided to go back home and leave the situation.

Mine Owners Relentless

It seems strange to me that those mine operators of our state would refuse to compromise at that time, knowing that many people of the state, whole communities were out of coal, and that in these weather conditions at that time, the people were liable to freeze to death. It seems strange to me that any mine operator in that state who had the welfare of the people at heart would not compromise on any thing so as to give the people coal. I made it plain to the operators that I didn't intend to take the side of the miners' union, but I wanted coal produced to keep the people from suffering and freezing to death, and I said that I would take the blame for the extra cost that they had to put on the coal in order to pay the 60 per cent advance the miners were asking, but they would not agree to it, so the miners were called out on the 7th of November. A week ago today the thermometer was below zero, the wind was blowing about 40 miles an hour, a genuine blizzard was on. The situation looked serious to me. Many of our branch lines of railways have been blockaded by snow several days, sometimes weeks at a time, when we have a large amount of snow. In case that should happen at this time it would mean in all probability that hundreds of people of our state would freeze to death, and a week ago this afternoon I issued a proclamation to the mine operators and the miners' union men that if they did not agree upon terms before 6 o'clock Tuesday night the state would take over the mines and operate them for the benefit of the state. I wired this to the mine operators, asking them to have conferences with their men, to see whether or not they could make an agreement and go to work. Those that answered wired the next day that they had a conference but could not make an agreement. I called up the district president at Billings, Montana, and told him the situation, asked him to come to Bismarck for a conference. When he got there Wednesday morning I asked him if he would order the men back to work: I told him what the situation was; that we were short of coal; that whole communities were out of coal; that the schools had been closed in many places and that the people were liable to freeze to death. He said he would make no compromise with those mine operators that double-crossed the state administration in their conference. Then I told him the state would have to take over the mines. He said, "If

the state takes over the mines I will advise every member of the miners' union in the state to go back to work at the same wage they have been getting in the past." (Applause.)

The State Takes Over the Mines

So I issued a proclamation declaring martial law in every mining district in the state where there were union men, putting the adjutant general and the state militia in charge of the mines, to operate them for the benefit of the people. That was Wednesday night. Thursday all but one or two mines were in operation. On Friday they were all running smoothly, producing the normal output of coal. In most places the mines operators kept on operating with the same management. One of the mines owned by the Washburn-Crosby Milling Company, the largest of the state, objected to the state taking over their property; they said it was illegal and unconstitutional and they would fight to the last ditch and they gave it up under protest and I got word today that the district judge has issued an order on the adjutant general and the captain, who happened to be at that mine, to show cause why they should not be prevented from taking charge of the mining properties. It seems that that big mining company would rather see the people of North Dakota freeze to death than to see the state operate that mine to get out coal to keep the people warm. It seems strange, yet they are doing everything they can, and you may be sure that the Washburn-Crosby Company will be backed by every other coal company in every other state. They do not want a precedent in North Dakota that a state can take away the mines and get away with it, because another state might do the same thing. (Applause.) I just mention this to you to show what the opposition to the action we have taken in our state has been.

State Owned Mines Likely to Follow

We have a special session of the legislature called for the 25th of this month to amend some laws, to put into effect, to carry out our industrial program better. There were some mistakes made. It was impossible to start an industrial program such as we have started without making mistakes; so a special session of the legislature has been called. I would not be surprised to see that special session pass an act authorizing the industrial commission of the state to buy coal land and open a state coal mine. (Applause.) We have all kinds of coal in North Dakota, plenty of it, and I believe a big state owned coal mine might have a mighty good effect upon the other coal companies. (Applause.)

Now I have got to get home, as soon as possible, and have to leave on tonight's train. I have only a little time left. Many of you do not realize the fight that we are up against in North Dakota, the fight that this movement has been up against. The far-

mers up there have paid their money in, \$16 every two years, to finance this movement. It has taken a great deal of money. It has taken a great deal of courage for those men to stand up and take the abuse that they have taken from the press, the politicians and the representatives of big business interests that come into our state to fight our movement, and I believe that they are entitled to a great deal of sympathy, to your sympathy and the sympathy of other people like you, and I know that we have it, because we get letters nearly every day from progressive people all over the United States congratulating us upon the stand we have taken and wishing us success; but it is going to take more than good wishes and congratulations.

Hard Battles Yet to Fight

From now until the next election in North Dakota, which will occur, the primary next June and the general election next November, we will have the bitterest fight that we have ever had in the history of our state without any question, for the reasons I have stated. They are going to make a last stand, a desperate effort to kill off that movement in North Dakota and discredit it, and it is going to take a great deal of money to run that campaign. I am not begging tonight, and I don't want any of your money, but some of you people may be called upon before the campaign is over. We feel that we have started something in North Dakota; that if it succeeds, as I believe it will, especially if we succeed at the next election, and I believe that we shall—and for that reason I am not taking seriously this talk by this gentleman in regard to national affairs, because we have a fight in our state that is of importance enough for me to stay on the job, finish that job and see it through in our own state. We have started this movement there, and if it succeeds it is going to show the people of other states of the Union that the common people, the rank and file, the workers, can control their own state or national government and bring about quiet, peace and harmony by the ballot, by lawful means. (Applause.)

There is a general unrest all over the nation, as has been said. No one denies it, and there is going to be a change, and if it does not come through peaceful channels by the ballot, it will come some other way, for it is coming. There is going to be a change, and by the co-operation of such people as you and others like you throughout the United States. I believe we can show the way in North Dakota, how the people of that state or any other state can take control of their government and run it for the interests of the people. (Applause.)

During the first campaign up in North Dakota, I had never been around the state very much—I had always been at home on the farm only when I was away to school and the first time I visited Jamestown. That is the town where our insane asylum

is located. I was naturally interested in the state institutions, and I went out there to look it over and go through that institution, and the superintendent there knew, of course, that I was a candidate for office and might have something to do with the appointment or the re-appointment of himself to that position, and so he was very considerate and very courteous in showing me about the building.

As I was going through the building there was a number of people working in the corridors and halls cleaning, scrubbing, etc. Some of them I couldn't tell for the life of me whether they were inmates or paid attendants. One man, an elderly gentleman I noticed in particular working diligently, going about from place to place, who seemed to be all right as far as I could see. I asked the superintendent whether this particular man was an inmate or a paid attendant. "Oh," he said, "he is an inmate. He has been here a number of years. He does a great deal of work; he works pretty nearly all the time, but sometimes he gets very bad and we have to shut him up for a few days. Then he will get all right and work harder than ever." I went back and spoke to this man; greeted him cordially and he greeted me cordially.

After I talked to him a few seconds I asked him how he happened to be in there. He said, "I will tell you. I came in here in the early days, taking a homestead right out north of town and thought I would make a fine home for my wife and family; give my family a good education." He said, "One year we would have a good crop, the next year a poor crop, and I had to mortgage the farm and had to pay interest on the mortgage; the mortgage got larger and larger and I couldn't make both ends meet." He said, "I believed we should have higher prices for our wheat. I believed that we should have a dollar a bushel for our wheat."—At that time they were getting 40 to 50 cents a bushel. He said, "I talked that so much that I went crazy, and they sent me down here," and suddenly he turned to me and said, "What are you in here for?" Well, I told him that I was a farmer too. I went on to explain to him that the farmers of the state had organized a political party and had held a convention at Fargo a few days before, and that I had the honor of being the farmer that they had endorsed to head the ticket as candidate for governor. He looked at me in amazement; his eyes bulged out. He said, "Why, you are not crazy. You don't belong here. You are just a common darn fool—better go home and go to work." (Laughter.) That is what I must do now; I must catch that train out tonight to get home and go to work, because there is a great deal to be attended to up there.

Must Establish Our Own Press

The opposition hire the best attorneys that they can get—I don't know how much money they pay them. They get the best

newspaper men they can get to send into the state to write us up, publish libelous and misleading accounts about the administration and about the movement, and they are doing everything they can, they are doing everything in their power to discredit our movement. So when you read a story in some of your papers under the headline of "Bismarck, North Dakota," about the bolshevist government or the I. W. W. out there, don't be too quick to believe those stories. Wait until you get a report from some paper that you have faith in. And by the way, we have in North Dakota two of the largest daily newspapers of the state, owned by the farmers and the workers. We have a weekly paper in every county in the state owned by the farmers and workers, and if it were not for those papers of our own that carry the truth to the people we would have been off the map a long time ago. (Applause.)

Some one at the dinner tonight spoke about the people owning and controlling a newspaper, and I think it would be a mighty good thing. There is another daily going to be started in Minneapolis, to be owned by farmers and laborers of Minnesota and the Twin Cities, and I believe it will be the biggest and the best daily paper in the Twin Cities, and it will do a world of good, because it will carry the truth to the people of that part of the United States.

Now I appreciate very much your kind attention, and the interest you have shown in our movement, and I appreciate the invitation of Secretary Thompson for me to come here. I was mighty glad to come. I had been invited one or two times before to attend such a meeting as this, but never could get the time. Mr. Thompson came up into our state last spring, in the referendum election, and gave us good assistance, and I was glad to be able to return his kindness in a small way at least, in coming here and telling you something of the movement in North Dakota. We wish your support in our movement and the support of others all over the nation like you, who are interested in progressive movements and interested in a real democratic form of government by the people themselves. That is what we have in North Dakota and what we hope to continue.

I thank you. (Prolonged applause.)

X. The Farmer's Attitude to Public Ownership

1. THE WESTERN FARMER'S ATTITUDE TOWARDS PUBLIC OWNERSHIP

**By William Bouck
Master of the Washington State Grange**

For many years special interests have arrogated to themselves control over the great natural resources.

Their assumption seems to be that a very large majority of our people are born to serve them as hewers of wood and drawers of water and that the common worker, whether on the farm or in the shop, was a chattel to produce so much wealth for them, hence the farmer was simply here to be "farmed" and all the taxes laid up against the merchant, manufacturer, transportation agencies and real estate, were shifted very dexterously upon his shoulders.

In order to accomplish these ends, the so-called interests, profiteers, or plain plunder-bund, maintained control of farmer' organizations to stifle any progressive tendency.

The farmers of the Northwest, disgusted with this influence, threw out these agents of mammon and have for years worked with our most progressive citizens to nationalize our great utilities and take from the gambler's hands the distribution and control of their products—the food of the Nation.

The Plunder of our Timber, Fisheries and Other Resources

The county in which I live contains the greatest body of standing timber of any county in the country. Under our laws, it has all come into the control of great trusts—lumber barons—bought for the most part at from \$4 to \$6 per acre under a perfidious clause in the Forest Reserve Act—now done away with, after the horse is stolen—after the timber is gone.

This same timber bought at such an insignificant price is now worth from \$10,000 to \$40,000 per quarter section. And through their control of politics — "Americanism," they are pleased to call it—they are taxed next to nothing.

They are now destroying this timber and ruining hundreds of thousands of acres permanently, leaving nothing but blackened stumps, pulling down and killing and burning over the small timber which should be left to reforest. Destroying watersheds that has almost ruined one or two fine apple belts—for lack of

water—permanently cutting out the wealth of the state that they may roll in wealth greater than Croesus ever imagined, and the power of Buccaneering Pirates in the state, crushing labor, farmer and all progressive tendencies with a tyrant hand.

Lumber now selling for from \$50 to \$150 per thousand could even now with high priced labor be cut in two, three times, and still leave a big profit for these pirates. Then on top of it all when a settler buys these stumps from these barons, he generally pays from five to fifty times what the timber and land originally cost. And the sequel, the taxes are immediately jumped from two to ten times in amount upon the settler who will improve the land, build a home, establish schools, churches, granges, citizenship; and upon this man, the backbone and keystone of our whole citizenry, is loaded practically all the taxes of the land. Our smooth shysters slip from under and compel the farmers who ought in many instances to be freed from taxation altogether while developing the country, to be penalized for his industry until his family goes half clothed, his children schoolless, his wife simply a drudge, himself practically a peon.

Such is our boasted so-called Americanism, that our President, our Governors, and big business grafters, seem so bent upon preserving.

What is true of the timber is true of the fisheries in our state, only more so, and what is true of these resources is more than true of our water power, the most magnificent in the world, and our mines.

Farmers Aroused—Demand Public Ownership

We farmers of the Northwest have been sitting alone with our conscience and solemnly have made up our minds that this state of affairs shall cease, that most of our troubles in this land arise from contravening the plain command of God's law that that which the Creator made for the common heritage of all shall be used to benefit everyone. And so in this new day and time we shall not abate one jot or tittle until all our public utilities, including our great transportation systems, are in the ownership of the public to be operated for service to all people and for the private graft of no one.

One thing more we are determined to wrest from the spoilers and place in the possession of the friends of Democracy, and that is "The Government of the United States of America."

The spectacle of a nation like ours—the home of the free and the land of the brave—allowing a few parasites to rob the farmer on the one hand out of his birthright—an equal opportunity—and the worker-consumer on the other, until the farmer is a mere peon and the worker starving as is the case today, in the midst of a wonderful crop so great that much is wasting on the farms while hundreds of thousands of workers are undernourished for

the lack of proper food—it being so costly that even the high wages of the present are far too small to purchase proper food—this spectacle is so out of place with our pretensions that one wonders if all our claims to greatness are based upon such a hollow pretense!

The United States of America is the only civilized nation in the world that allows gamblers to speculate in its food products.

To begin with, in mapping a way out, let me lay down this proposition that the time is here when the distribution of the food products of the Nation must be divorced from speculation, and the private handling of those necessities be absolutely eliminated, and these functions must be taken over by the state and municipalities.

Municipal Marketing

In 1917 our farmers produced a twenty-nine billion dollar crop—so our agricultural department says—that is, this crop cost the consumers that amount, but the farmers did not receive that amount—he received nine billion dollars and before it reached the house of the consumer it had grown to about 320 per cent of its original price! We propose instituting a municipal marketing system where the farmer in his municipality may organize and put up municipal factories, packing plants, flour mills, condenseries, canning factories, in short, all the great tools used in preparing his products for market. Too long we have been contented with simply owning our primary tools, the plow, harrow, reaper, spade, etc., and allowed the speculator to control all the greater tools which market our goods, and we propose to turn over a new leaf.

We are organizing another great hunt and we are going to run some of these big business interests out of the food control and institute a system where service to all producers and consumers, whether on the farm or workshop, shall be our care, and frankly, we don't care what becomes of the parasite gambler. He can look after another and more honest job. When we had such a bill introduced in our legislature many of our legislators were surprised! What did the farmer need of any more markets! Did he not have plenty now? Could he not sell to Armour and Co.? To the Elevator men? To the Carnation Milk Trust? What more did he need? And frankly, we could not blame them! Poor fools, they had been placed there as automatons to say "yes" or "no" as the leader indicated. We farmers in times past have had a peculiar way of expressing our political duties—when election came around, we selected an incompetent corporation lackey, lawyer—if we could find one—to represent us in our legislature or congress and the wonder is we have gotten as much as we enjoy of liberty and justice. What does such a man know of the real cost or effort expended in producing a crop on the farm?

The cities in our state are very anxious for such a municipal marketing law to go into effect, when they will immediately install the marketing end, and deliver to the citizens without private profit all the products of our farms. For instance, one city is ready to install pastuerizing plants for milk. At this time farmers were getting thirty cents per gallon and the consumer paying sixty-five cents. Officials told us they could pay the farmer forty cents and deliver to the consumer at fifty cents, raising the farmer up 33 1-3 per cent and lowering the consumer about the same, and as soon as this was accomplished, would prepare to handle all packing plant goods, flour, cereals, etc., thus eliminating the so called middle men at one stroke.

The Australian Marketing System

While the American farmer has been so backward in marketing, the Australian farmer and other farmers have developed a fine system. The Australian farmer ships his products around the world and after paying all transportation and selling and storage expenses, receives upon the average, more than twice as much as the American farmer.

As giving some idea of what the State owned meat shops mean to the people of Queensland, the following prices are quoted:

1919	Private Shops	State-Owned Shops
Sirloin	\$.20	\$.13
Corned Round20	.11
Sausages16	.10
Mincemeat13	.08

(The above quoted from an article by W. F. Ahern in the British Columbia Federationist and published in the last issue of Pearsons.)

How are we going about it to get these things? By the ballot as American citizens. We are going to put up men from the common walks of life who have a vision of a better state and an intelligent farming class. We are going to quit sending corporation lackeys to represent us in the State House. We are going to maintain our strong farmers' organizations and make them more powerful such as the Washington State Grange, the Nonpartisan league, the Equity and others. We are going to unite hand in hand with organized labor. Too long, politicians have told us labor was the enemy of the farmer and, to our shame, too long have we believed it.

We have organized the Triple Alliance in our State, organized labor, organized railwaymen and organized farmers; and we are going to organize a purer citizenship who are independent enough to claim their rights and brave enough to defend them. In a word, we are going to bring about that real democracy we were promised as we entered the war and again and again promised in the

peace treaty, but the man who made the promises seems to be asleep at his post. So we have determined to re-establish in this land a democracy where justice, righteousness, honor, citizenship, and manhood and womanhood shall be exalted above all else as the most glorious asset of our Nation.

"Between the ringing of the bells and the musical clang of
chimes,
I hear a sound like the breaking of chains, all through these
glorious times.
For the thought of the world is waking out of slumber deep and
long,
And the race is beginning to understand how right can master
wrong.
And the eyes of the world are opening wide, and great are the
truths they see,
And the heart of the world is singing a song, and it's burden
is "Be Free."
Now, the thought of the world, and the wish of the world, and
the song of the world will make
A force so strong that the fetters forged for a million years must
break."

2. THE FARMER---PUBLIC OWNERSHIP'S LEAST DEVELOPED SOURCE OF STRENGTH

By Austin P. Haines
Editor of Pierce's Farm Weeklies, Des Moines

I wish that I shared the optimistic views of some of our friends who think that the great mass of the farmers are today enthusiastic advocates of the public ownership of public utilities. I am inclined to think, however, that the wish is father to this pleasant thought and that the facts are that the farmers as a whole, are in a position of doubt—or perhaps better, of indifference or ignorance, regarding questions of public ownership. Nor is this surprising. Until very recently the farmer's attention has not been directed to this problem, as has the city dweller's, with his constantly pressing, public service utility questions. Furthermore, interest in public ownership implies a more or less highly developed social feeling, which the farmer has lacked. His comparative isolation and his preoccupation with the problems of production, have made him an individualist, so that even such

important social questions as those of co-operative marketing have not received much attention from him until comparatively recently.

So I believe that the fact that the farmer has not yet enthusiastically embraced the principles of government ownership is due not so much to any fundamental antagonism towards it on his part, as to his lack of proper understanding regarding it. It is not the proverbial hope deferred, which maketh the heart sick, but only the challenge added effort which is an inspiration to those who take joy not in final achievement alone, but also in the eternal struggle towards the light.

Sense of Social Independence Growing

Today, when old social and economic barriers are being broken down, the farmer is coming to appreciate better the closeness of his relationship to things outside his own circle; he is coming to understand his dependence on all the cogs and wheels of business machinery, on transportation, credit, sources of raw materials, terminal markets and the other necessities of business, which enlarge or restrict his opportunities depending whether they are conducted for the general good or for private gain. He is beginning to realize that he is his brother's keeper and his brother is his keeper, whether either of them wishes to be or not, and with this growing sense of social interdependence is bound to come an increasing interest on his part in the socialization of business necessities. It is for us who are interested in public ownership to see that his increasing interest is met with an increasingly vigorous educational campaign, which will more than off-set the work that will be done among the farmers by those who have the most to lose from the spread of public ownership gospel.

I am not going to take the time of this conference to point out the strategic importance of winning the farmers' support for public ownership. You all know that agriculture is the predominating interest of the nation that over half our population is listed by our last census as rural in character and that farming is the nation's greatest source of material wealth. These things, together with the fact that the farmers generally are largely ignorant of the principles and aims of public ownership make the farmers of the United States public ownership's most undeveloped source of strength.

So I merely want to throw out a few suggestions to this conference which I believe it would be well to consider in approaching the farmer on this question. I have no special wisdom on this subject, excepting such as may have developed through talking to the people in about 400,000 grain belt farm homes in the columns of our weekly farm papers and in corresponding with them. I have

nothing original nor startling to offer in this connection, for there is no short cut, no royal road to the farmer's mind.

The Farmer Approaches New Ideas Cautiously

As a class, the farmers are very conservative. They follow Pope's advice not to be "the first by whom the new is tried nor yet the last to lay aside." In the older grain belt states such as Iowa, Illinois and Wisconsin, they are the property class, which in itself brings conservatism. The farmer is likely to approach a new idea cautiously, but when he once takes hold of a principle which involves fundamental questions of right and justice he holds on like grim death.

Railroad Question Interests Farmer

Naturally the farmer will grasp some concrete problem of public ownership more quickly than mere abstract principles. Just now we have in the railroad situation such a problem, which comes close to his daily existence. So I believe that to a considerable extent we should hang our public ownership propaganda among the farmers on the railroad question. And the very first thing to do in this connection is of a negative character namely, to convince the farmer that the management of our transportation systems during the past two years has not been a fair test of government ownership and operation. Today, nine-tenths of the opposition to public ownership among the farmers is based on the unfortunate experience of the past two years, with their increased railroad rates and inferior service. The moment you mention public ownership of any utility to the average farmer, he replies, "No, siree! I've had my fill with the government ownership and operation of railroads the past two years," and he will at once start to tell you of the delays he has experienced waiting for cars with which to move his stock after it was ready for market; of how much more his freight rate is on a car of hogs to Chicago than it used to be; and of the increased fare which he and his wife had to pay to the live stock show this year over what they paid a few years ago. So he wants no more mixture of politics and business.

Of course what we must do is to show that man, first, that it would not be fair to judge even the best intentioned trial of government ownership under the abnormal conditions of war, when all industry was up-set; second, that we have not had real public ownership or operation of railroads during the past two years, but only a management with the apparently deliberate intention of making the experiment so expensive and so inefficient as to disgust every one with all public ownership and, third, that he will be worse off if the railroads are turned back to private ownership and the status quo restored than he is at present.

Our own farm papers are following out exactly this line of argument. We are reminding the farmers of the evils which existed under private ownership. We are going to tell them the stories some of which they have forgotten and some of which they never heard, of the looting of great railroad systems by predatory interests in the days of private ownership, which is one of the reasons that the public is paying so dearly for inferior transportation service today. We are going to show them many examples of sabotage in the operation of the railroads during the past two years, as for example, where half a dozen sweepers were employed in a single Iowa roundhouse, where one had formerly sufficed, with the result that the extra helpers do nothing all day but go around with their brooms on their shoulders. (Let me interpolate here that if any present know similar cases of deliberate waste and extravagance in the railroad management of the past two years I would be glad to learn of them) And especially are we going to show them that they not only can expect no relief under a return to private ownership, but that the railroad executives themselves admit that the return of the railroads will be the occasion for an unprecedented advance in rates. Now when we are able to drive these things home to the farmers, I believe that they will have a tremendous effect not only in influencing their views on the railroad question, but on other phases of public ownership as well.

Favors the Plumb Plan

In this connection, I think that government ownership of public utilities will appeal to farmer's minds much more readily than government operation. The farmer, not without cause, has his suspicions of a political business management. He knows that the public's business is as a rule uneconomically and inefficiently performed, and he lays his recent unfortunate experiences in connection with the railroad and the telegraph managements entirely to inefficiency in operation. That is why I believe that some such plan as that proposed by Mr. Plumb and his railroad brotherhood associates stands a much better chance of receiving the farmers' approval than would a straight government operation proposition. I believe that, by a proper presentation of the plan for a tri-partite management, with perhaps some further modification of details, it can make decided headway among the farmers, where out-and-out government operation might meet with strong opposition. So I believe that so far as the farmer is concerned (and I hope that he will be a very large element among those interested in advancing public ownership in the coming years) the campaign should center itself for the present largely in the railroad question, which comes closer to him than any other question in which this issue is involved. And I hope that some modified

plan of government operation will be the one presented to the farmers. Under such conditions I can see the prospect for developing the great potential strength in favor of public ownership which the agricultural field offers.

North Dakota Farmers Set Example

Such progress is going to be slow. The habits of thought of generations must be overcome, and, as I said, the farmers' mind acts slowly, cautiously on new ideas. But that it will work is shown by the illuminating experience of the farmers of North Dakota. If the problems of public ownership could be localized and brought home to the farmers of each state with the dramatic force that North Dakota offered it would be simple indeed. But in the older, more developed states it must come more slowly, thru the medium of educational evolution rather than political revolution and we had an example in Iowa, during the last session of our legislature, of what can be done by constant hammering away, by the mere force of repetition and reiteration. When the session of our general assembly approached we knew that a public utility measure that could set public ownership in Iowa back a generation would be introduced. The probability of its passage was because the farmers would be indifferent to it and ignorant of what it involved, just as they are of public ownership today. Not feeling they had any direct interest in it, the legislators were likely to take the easier path and yield to the powerful influences which the public utilities were able to bring to bear for its passage. The only hope of defeating it lay in gradually bringing the farmer of the state to understand that any laws which affected public utilities—even those like the gas, electric, street car, and other public service utilities of our towns and cities—had its concern for them, because every farmer is a potential town or city dweller, in his later years when he retires from active work. So before the legislature opened we began our campaign of education. We sent members of our editorial staff out to study the experiences of other states.

We Defeat a Bad Bill in Iowa

We called your secretary, Mr. Thompson, and Mr. Spaulding of Springfield to our aid. And all the while we tried to show the farmers of Iowa, how they really had a direct interest in what on the surface seemed entirely foreign to them. We appealed to their sense of right, their love of good government and their state pride. Result was, a bill which its sponsors had expected to pass easily, was withdrawn after a work-out which the public utility lobby had intended merely as a warming-up head before the big race. They came to us saying they were beaten if they could not get the farmers' support; there did not seem to be much room for argument on that proposition, as it was the first thing on which we agreed

with them, so we just let it go at that, and the matter was dropped for the session. Had we waited until the issue was raised in the legislature, we never could have defeated the bill. It was only by weeks of preliminary pounding away; by constant repetition of the principles involved; by continued appeals to the farmers to oppose such a vicious measure that we were finally able to drive the thing home and clinch it. After we had done that, the laws of the Medes and Persians were flexible documents compared to farmers' views on that particular bill. Heaven and earth might pass away, and the rock of Gibraltar crumble into the sea, but their determination to swat that public utilities commission bill every time it put its head up was fixed, from everlasting to everlasting.

Persistent, Sustained Efforts Will Win

I believe that the same results may be accomplished by the same methods in the matter of public ownership if your organization will set its hand to it. The farmers will react to the campaign slowly; there are many handicaps and prejudices to be overcome, but so long as you have the right and logic with which to appeal to them you are bound to win in the end; and when they are once with you they will be a source of strength that never can be moved, with which there is neither variableness nor shadow of turning.

In this campaign Pierce's Farm Weeklies are enlisted for the war. We are being bitterly assailed and denounced by the newspapers and other spokesmen of special interests because of our stand. Out in Iowa we have an institution known as the Greater Iowa Association, which is an organization composed of all the reactionaries, the economic bourbons and political Tories of the state. It has proclaimed itself the saviour of Iowa from "bolshevism" under which camouflage it seeks to crush every movement towards enlightened liberalism in the state, and especially to oppose the political and economic views of the organized agricultural and industrial workers of Iowa, who have been drawing closer and closer together in the past year. So the battle lines are clearly drawn and the advocates of public ownership will find their greatest opposition to their campaign among the farmers from these powerful business and political interests. But for our part, we are going ahead, calm and confident of the justice of the cause, and firm in the belief that in time anything which is right and logical will appeal to the conscience and intelligence of our grain belt farm readers.

3. HOW FAR THE FARMER FAVORS GOVERNMENT OWNERSHIP

By George P. Hampton

**Managing Director Farmers' National Council, Washing-
ton Representative of Leading Farm Organizations,
Editor of The Farmers' Open Forum**

The subject assigned to me is "How Far the Farmer Favors Government Ownership." In the short time that can be given to me in a conference so overwhelmed with important matters as this Conference, I desire to submit to you as comprehensively as I can, conclusive evidence, (1) That a large majority of farmers favor government ownership, especially of the Railroads, Merchant Marine, Mines, Water Powers, and other Natural Resources; (2) That a propaganda deliberately misrepresenting the farmers' position on Government ownership has back of it all the exploiting monopoly combines that make their untold millions by robbing both the producer and the consumer; (3) That farmers demand an extension of present government control of railroads for two years from January first next; and (4) The basis on which the farmers represented in the Farmers' National Council and the organized labor forces supporting the Plumb Plan can get together for an amended Plumb Plan.

A Large Majority of Farmers Favor Government Ownership

After making careful investigation we have stated that a large majority of the thinking farmers of the country favor government ownership of public utilities and, referring particularly to the railroads, we are positively convinced that the farmers' interests will be best served by government ownership and operation, or operation by a corporation without capital stock, organized to operate a government owned system for service and not for profit. This is the position of the Farmers' National Council and of the Farmers' Open Forum.

This position is assailed by the powerful private monopoly interests advocating the return of the railroads to private ownership and operation and it is constantly asserted in inspired articles in the press that the farmers are opposed to government ownership. not only of the railroads but of any public utility whatever. As justifying their statements these articles quote the action of farm organizations with high sounding names, but which investigation shows are of doubtful character and small membership, and not in any true or large sense representative of farmers for whom they

claim to speak. Their purpose is to fool the public—farmers in particular—into believing that farmers generally are opposed to government ownership and operation of public utilities, including mines, water powers, the merchant marine, and the railroads. Almost without exception those who state that farmers are opposed to government ownership and operation have a special interest to serve, are influenced by the propaganda of the special interests, that profit by the private ownership of public utilities, or form their opinion from insufficient evidence.

I do not claim that all farmers favor government ownership, but that a large majority of those who have studied the question from the standpoint of the farmers' interests, are for Government ownership. Farmers differ widely on all public questions. Some are free traders, some high protectionists. Some believe in the gold standard, others are bi-metalists—others still are green-backers. The fact is, farmers, like most in all classes, are greatly influenced by their environment, and are in favor of the measures which they believe will be of the greatest service and profit to them. By this test an overwhelming majority of farmers who have studied the railroad question have decided that government ownership and operation will mean better service and bigger profits to the farmer than is possible from private ownership and operation.

As the Managing Director of the Farmers' National Council, a farmer federation formed for the exclusive purpose of carrying the joint legislative program of the associated farm organizations into effect, a program having for one of its major planks a demand for government ownership and operation of railroads, it is my duty to know what farmers think about government ownership, and as Washington correspondent of some of the leading farm papers of the country and editor of the Farmers' Open Forum, a paper devoted to the consideration and support of this joint legislative program, it will, I think, be conceded by disinterested people generally that I have a larger opportunity and a greater interest in knowing what farmers think about government ownership than the ordinary observer, or even farmer, or official of farm organizations, less advantageously situated to get a broad view of the whole country.

I base my statement that a large majority of the farmers of the nation who have studied the question, favor government ownership of railroads on nation-wide inquiries and personal contact with farm organization leaders and students of farm problems in all parts of the country, practically continuous during the past twenty years.

Farmer Organizations for Public Ownership of Railroads

It was the Granger demand for legislation that first awakened

the country to a realization of the real character of its railroad problem. The great Farmers' Alliance movement which followed, made government ownership of railroads a leading issue of the program. From those early days down to the present time there has not been a farm organization, honestly representative of the farmers of the nation which is not for government ownership and operation of the railroads.

The Farmers' Reconstruction Conference which met in Washington, D. C. last January, and adopted a legislative program, declared unequivocally for government ownership and operation of railroads and also of our merchant marine.

The Conference at which this declaration was made was composed of the duly accredited delegates of the farm organizations with a combined membership of 750,000, mainly from the great agricultural states of the north Mississippi Valley, and the far west though Atlantic and Southern states were represented also.

In March of this year the Committee on Transportation of the Farmers' National Council, sent out a questionnaire to heads of farm organizations and others of standing and influence in the farm world. I submit from the answers thereto evidence sufficient I think, to convince any fair minded person that a very great number of the farmers do stand unequivocally for government ownership of railroads. Some of the replies to the question, "In your judgement, do the majority of the members of your state organization favor government ownership and democratic operation of railroads?" follow:

President of the Illinois State Farmers' Union: "Yes."

President of the California State Farmers' Union: "Yes!"

The President of the Farmers' Union North Carolina: "Yes' Almost every intelligent man not influenced by the agents of plutocracy favors government ownership and democratic operation of the railroads."

President of the Louisiana State Farmers' Union: "I feel safe in saying now that 99 per cent of the farmers of my state favor Government ownership of the railroads and democratic operation of the same." He also said that "Louisiana States Farmers' Unions have for the past ten years demanded government ownership, not only of the railroads but of all public utilities, same to be run in the interests of the people."

Mr. J. N. Tittmore, National President of the American Society of Equity: "95 per cent of the farmers belonging to our National Union still stand for government ownership of the railroads and the merchant marine of the country."

The Master of the Idaho State Grange: "The farmers of Idaho are overwhelmingly in favor of the government retaining

the railroads and of the final ownership of these as well as of the telegraph and eventually the telephones."

The Master of the Oregon State Grange: "The Oregon state Grange at the 1918 session last May, endorsed resolutions favoring government ownership of railroads and public docks."

Mr. William Bouck, Master of the Washington State Grange "I have been very much interested in certain statements carried in the press lately to the effect that only a small per cent of the farmers are in favor of government ownership of the railroads and the merchant marine. I cannot speak for the farmers of other states but for the farmers of this state I have the right and it is my duty to do so.

I think it is not overstating the truth-rather under, if anything, when I say that 90 per cent of the farmers of this state are absolutely in favor of complete government ownership and operation of all transportation facilities, both land and water, and just as strongly opposed to any subsidy for private companies in the water transportation business."

The great mass of real farmers are in favor of government operation of all public utilities and generally the farmer who opposes this principle will be found to be the man who owns a bank or some other business and amuses himself by buying a farm and calling himself a farmer."

J. Weller Long, National Secretary-Treasurer of the American Society of Equity, a veteran of lifelong experience in farm organization work, and a foremost champion of a real national federation of farmers, has stated again and again, in Conventions, from the platform, before Committees of State Legislatures, and the United States Congress, and in the press, that not only are the thinking farmers who have no selfish or ulterior motives, practically a unit in their demand for government ownership, but that it is his positive conviction that only through government ownership of all government utilities can the farmer ever free himself from robbery by the profiteering combines.

Mr. Grant Slocum, President of the National Gleaner Federation, of the large farm organizations of the country, with some 80,000 members in Michigan, was a delegate from his organization to the Farmers' National Conference on Reconstruction, to which I have previously referred at which government ownership and operation of railroads was adopted as part of the fighting program of American farmers. Mr. Slocum recently wrote us as follows:

"The people are finally waking up to the fact that the railroads are behind this propaganda against government ownership, and within another year the majority of the people will demand that the government take over the railroads."

One of the most deservedly popular and trusted leaders in the

farm world is Carl Vrooman a large farmer of Central Illinois until recently Assistant Secretary of Agriculture. He made a special study of the railroad problem both at home and in Europe, and his book, "American Railway Problems in the Light of European Experiences" is a masterly exposition of the subject. His testimony on this subject has, I think as much weight with the leaders of thought and action in the farm world, as that of any one individual and he is a strong advocate of government ownership of railroads. Should Mr. Vrooman yield to the urgent appeals of friends as I hope he will, and stand as a candidate for high political office he will find that his advocacy of government ownership of the railroads is one of his greatest assets with the farmers of Illinois.

One of the great leaders in the farm world of the last quarter of the last century and the first decade of this was the late Sidney M. Owen, of Minneapolis, the former editor and publisher of "Farm, Stock and Home." His inspirational leadership and masterful exposition of the great questions of the day as they affected the farmers' interests was the beginning of many of the present workers' activity in the farmers' cause. He was a constant advocate of government ownership of railroads.

One of the greatest of the farm paper publishers and editors, of the present day is James M. Pierce, publisher of "Pierce's Weeklies", having a combined circulation of nearly half a million in the great agricultural states of Iowa, Kansas, Wisconsin and contiguous territory. He is a steadfast advocate of government ownership of the railroads and unquestionably voices the sentiment of his great farmer constituency.

Ninety Per Cent Are For Public Ownership

As to the stand taken on the question of government ownership by that extraordinarily successful movement of the farmers of the Northwest, the National Nonpartisan league, I need hardly say that it is unequivocally for government ownership. Certainly that means, for North Dakota at least, a large majority of the farmers of the state.

I could, if time permitted, add greatly to this evidence, but it seems to me that I have already submitted enough to convince anyone who has no axe to grind, or no ulterior purpose to serve that the farmers of the country are unequivocally for government ownership and operation of the railroads. I will therefore conclude this part of my statement by submitting a recent letter from C. D. Resler, Chanute, Kansas, President of the National Farmers' Association, who most admirably sums up the situation in the farm field as it exists today. Under date of October 20, 1919 he writes;

"In reply to the question asked as to how the Farmers stand upon the railroad question, will answer same by first qualifying my remarks.

First, let me say, that it is a very easy matter to challenge any position one may take. Note the difference of opinion on the League of Nations proposal, our greatest statesmen differing widely. Then how can the average farmer who is very busy on his farm and upon whom no dependence or responsibility is placed to look into such questions be expected to give an intelligent answer. Ninety per cent of the farmers rely wholly upon the information received from the newspapers they take. Tell me what a man reads, whether a Democrat or a Republican newspaper, and I can almost invariably tell you what his opinions are on such questions.

For several years prior to the war the railroads started and conducted an advertising propaganda similar to that of the packers of late, for the purpose of moulding the public sentiment in their favor so as to enable them to secure better freight and passenger rates. Then after the government took over the railroads during the war emergency, the Railroad Executive Association fell upon the idea that "now is the time above all other times to forever cure and break down the growing tendency toward government ownership of railroads." They vied with the employees and government officials who were so inclined, to boost wages, freight and passenger rates, and hamper service as much as possible, then employed able writers to write stories for our magazines belittling and bemeaning the idea of the government having anything whatever to do in the operation of railroads, passing the whole matter up with a sneering attitude. Such propaganda was used and the entire press of the United States was more or less filled with it. No wonder if a large majority of farmers would be unfavorable to government ownership or even to the government having anything whatever to do with the railroads or any other public utility.

The average farmer never ships anything, rides on a railroad very little, and knows very little about railroad business. Such farmers are for or against government ownership, according to the paper they take. I believe that a majority of this class would at first thought be against government ownership of railroads.

But now, as to the position of the practical farmers, the kind that do their own thinking and make their own investigations, and meet up with practical experience and know for themselves some real tangible facts concerning railroads and railroad business. All such, as far as I have been able to discuss the matter with them and hear an expression given, are in favor of absolute government ownership and controll. A rather common expression when asked about this question is: "We as farmers would rather see the government own and control the railroads than to have the railroads own and control the government." It simply means one or the other.

Prior to the war the railroads broke down completely. The most chaotic conditions prevailed. When the war broke out they were simply stranded. Every shipper knows this to be true. In 1913 and 1914 it took from one to three months for a shipper to get a freight car to ship a car of hay, corn or wheat. In 1914, I ordered cars of wheat and hay and received none until December, and the orders were placed on file, as the records will show, on June 28th and July 1st of that year. Since the government has taken control we get service always in a reasonable time, save in some few isolated cases that occur through an oversight of some kind.

Railroads under government and civil service control would become much more efficient in time through experience and this is absolutely the only remedy for a question that will never be settled permanently until settled that way. I have stood for government ownership for ten or more years. I was opposed to it prior to that time. I have always farmed and at the same time have been a shipper, shipping my own products and also those of my neighbors. I have traveled considerably on the railroads prior, during, and since the war, and the service received, all things considered, is superior since we have had government control, notwithstanding the sneers and jests of a lot of Cheap John Smart Alicks, and hirelings of the great railroad corporations and their various interests. My answer in brief is that practical farmers, those who think and act for themselves and have opportunity to judge from practical experience, are all for government ownership, not only of the railroads but of all public utilities, such as coal mines, iron mines, water powers, etc., etc.

I am glad to learn that you are standing on this proposition with reference to railroads just as I stand. Let them challenge our position. Knowing we are right we need not falter or shrink."

In the face of evidence so overwhelming that farmers want government ownership and operation of railroads, what is the reason for the persistent misrepresentation of the farmers' position, and whence comes the powerful influence directed to rushing railroad legislation through Congress without thorough consideration and which is plainly inimical to the farmers' interests?

All Profiteers and Exploiting Combines Oppose Public Ownership

This brings me to the second part of my inquiry:

2. A Propaganda Deliberately Misrepresenting the Farmers' Position Has Back of it All The Exploiting Combines That Make Their Untold Millions by Robbing Both The Producer and The Consumer.

Government ownership and democratic operation of our trans-

portation system is death to the private monopoly interests that gain their power to rob both producers and consumers through transportation discriminations and privileges. To these private monopoly interests private ownership and operation of our railroads and of our merchant marine are absolutely necessary to enable them to continue their exploitation and robbery. We only need to call the roll of the worst of these monopoly combines to gain a clear understanding of the character of the opposition to public ownership of public utilities and where the money comes from for the private ownership propaganda.

The profiteering middlemen are all against government ownership and democratic operation of railroads. The farmer only gets one-third of the consumer's dollar. One of the main causes has been railroad discrimination in favor of the monopoly interests by the privately owned and privately operated railroads. This discrimination would be impossible under government ownership and democratic operation. Of course, the profiteering middlemen denounce government ownership and democratic operation.

The grain and milling combine is against government ownership and democratic operation of railroads. Private ownership and operation of railroads has been one of the big factors that enabled the grain and milling combine to rob the wheat farmer. Government ownership and democratic operation would help to end all such robbery of producers by putting the farmers, big and little, on an equality with the milling and grain combine in transportation service. Of course, the milling and grain combine will fight government ownership and operation of the railroads to the last ditch.

The meat packers combine is against government ownership and democratic operation of railroads. Private ownership and operation of railroads by the special favors it granted to the meat packer combine, is one of the main factors in enabling the beef trust to rob both the producer of live stock and the consumer of livestock products. Government ownership and democratic operation of railroads would go far toward breaking and putting an end for all time to any food monopoly. The packers combine naturally opposes government operation and fights for the return of the railroads to private ownership and operation.

Stock exchange gamblers are against government ownership and democratic operation of railroads. The securities of the private favorite stock. Through their manipulation great railroads have been bankrupted, widows and orphans ruined, and the public generally made to pay two, three and four times for transportation service what the cost with a reasonable profit would require. Private ownership and operation will continue this ruinous condition, whereas, government ownership and democratic operation of the railroads will end it. Of course, the stock gamblers and

all who profit by stock gambling are against government ownership and democratic operation of the railroads.

All food profiteers and gamblers are against government ownership and democratic operation of railroads. Private ownership and operation of railroads by means of its long and short haul policy of discrimination against local freight in favor of through freight robs the western farmers of untold millions of dollars. At the same time these discriminations are making eastern farming unprofitable, enormously depreciating the value of eastern farming lands, and this, not for the benefit of western farmers, but for the benefit of the food gamblers who, by transportation, storage, and credit discrimination, were enabled to "milk" the western farmers, while eastern farmers were kept from competing with the food gamblers by prohibitive local freight rates and no facilities for collective bargaining and selling. These food profiteering conditions would be impossible under government ownership and operation of railroads. This is why food gamblers generally, are so strenuously opposed to government ownership and democratic operation of the railroads.

How Public Ownership of Railways Will Help The Farmer

Under private ownership and operation of the railroads fruit and vegetables have rotted in the farmers' orchards and fields, while would-be consumers in the cities only a short distance away have hungered for them. This is because privately owned railroads under private operation are run for profit and not for service. Under government ownership and democratic operation such conditions would be impossible for the railroads would then be run for service and not for profit.

Advocates of private ownership and operation of railroads claim increased service efficiency under private operation. Even if such a claim were true, which advocates of government ownership and democratic operation deny, what does the farmer care for a 10, 15, or even 25 per cent increase in efficiency in railroad service under private ownership, as against public operation, when under private operation the freight discriminations against the farmer in favor of the profiteering middleman are over 100 per cent. The profiteering middlemen talk about the efficiency of private ownership and operation of railroads is not honest. What they want is the continuance of their power to rob the farmers through the railroad discriminations in their favor which Government ownership and democratic operation of railroads would take away from them.

The gain to the farmer in government ownership and democratic operation of railroads is not only to be found in lower freight rates. It will give him a square deal and take away from

the profiteering middlemen the power to rob him any longer of his just rights by means of transportation discrimination.

Private ownership and operation of railroads, because run for private profit and the desire to get the big profit from the long haul of through freight, has forced producers and consumers thousands of miles apart, has helped to destroy small cities and villages, to congest population in the great terminal cities, to build up monopolies, and has been a tremendous factor in increasing the cost of living.

Public ownership and democratic operation of railroads will end the unhealthy and unholy congestion of population in the great cities, restore small cities and villages to the old time prosperity, bring producers and consumers closer together, and prove a powerful factor in reducing the high cost of living.

Every millionaire monopolist, every grafting profiteer who desires to continue his power to rob the people,—and particularly the farmer is against government ownership of railroads, and is pouring out money to the “kept” press to fool the public and make it believe that government ownership would be a terrible calamity. It would be a terrible calamity to the millionaire monopolist and to every grafting profiteer, because it would take from them one of their main props for robbing the public.

The grafter’s idea of the farmer is the eternal sucker who can be made the goat, first, last and all the time, and certainly the farmer who is fooled by the talk about government ownership and operation being a bad thing for the farmer, helps to justify this belief. Fortunately, however, farmers generally are not the “Mr. Easy Mark” who can be counted on to maintain the means by which they have been robbed in the past—and which must be maintained if profiteering at the expense of the farmer is to continue.

The strenuous efforts that are now being put forth to make bad blood between the farmers and the railroad and city workers, are due to the fact that the interests realize that when the workers of the field, rail, factory and mine, get together the days of profiteering at the expense of the producer and the consumer are over. It is this knowledge that delay is dangerous to them which is at the bottom of this feverish haste to rush a bill through Congress returning the railroads to private ownership and operation. But it is clear to every disinterested student of the subject that the public interest—and especially the farmer’s interest—will be served by continuing the present government operation until the whole question can be thoroughly threshed out before all the people. And this brings me to the third important division of my subject:

Demand Two Years Extension of Federal Control

The progressive farm organizations through the Farmers' National Council demand extension of present government operation for two years from January first next.

This farmers' demand was embodied in an open letter to the United States Congress. I have copies of this letter here for the information of members of this conference and we hope that this Conference and the members individually will join with the progressive farmers in bringing all possible influence to bear on Congress and President Wilson to secure this extension.

[Resolutions were passed by the Conference later endorsing the suggestion and joining other organizations in demanding a two year extension of Federal control. See Resolutions.]

Proposed Amendments to The Plumb Plan

In conclusion I present for your consideration:

4. The basis on which the farmers represented in the Farmers National Council and the organized labor forces supporting the Plumb Plan can get together on an amended Plumb Plan.

With the broad general principles of the Plumb Plan we are in complete accord, but after investigations continuing since last January we believe it must be amended to bring to it general support. The amendments we stand for are:

Amendment 1—BOARD OF DIRECTORS—Number, 15.

Appointed by the President to represent the public.....	8
Elected by the Classified Employees.....	4
Elected by the Official Employees.....	3

Amendment II—DIVISION OF NET EARNINGS

A. Until the bonded debt is fully liquidated—

1-3 paid to the Treasury of the United States for the sinking fund.

1-3 paid to the Treasury of the United States for the purpose provided in the Sims bill, lines 10 to 16, page 28.

1-3 employees' dividend fund, as provided in Sims bill, lines 17 to 25, page 28, and 1 to 3, page 29.

B. After bonded debt has been fully liquidated—

Same as now provided in the Sims bill except that any deficit in revenue paid out of the U. S. Treasury to meet operating costs must be prepaid before any profit-sharing dividends are paid.

Amendment III—BOARD OF APPRAISEMENT

No extra salaries. Strike out of Sims bill all of lines 15 to

19, page 4. Provide, if it is considered desirable, that the Chief of the Appraisement Board shall not be a member of either the Interstate Commerce Commission or the Board of Directors, but shall be appointed by the President with approval of the Senate, to give his entire time to the Board of Appraisement with salary of \$10,000, \$12,000, or \$15,000 per annum.

Amendment IV—THE WAGE BOARD

Insert in Article 3, section 4 of the Sims bill at the end of the second paragraph the following words: "Provided, that no order or decision of said Central Board of Wages and Working Conditions or of said Board of Directors, on any questions decided by it on appeal, shall become effective until approved by the Interstate Commerce Commission."

This last is the amendment proposed by the New Republic. With the majority of the Board of Directors representing the public we feel that perhaps it is of minor importance, though its inclusion will undoubtedly strengthen the plan with the public generally.

With these amendments the progressive farm organizations not only can but will make common cause with the Railroad Brotherhoods for the Plumb Plan and secure the enactment of the Amended Plumb Plan bill by the present Congress. or fight it out in the forthcoming election and secure a Congress more representative of the people's will. We hope this program will receive the endorsement of this Conference and that we will have the co-operation and support of all who appreciate the importance of the Nationalization of our railroads.

The farmers I have the honor to represent are bitterly opposed to rushing railroad legislation through Congress. They believe public welfare demands that Government operation of railroads should be continued for at least two years in order that the question of their disposition on terms fair to all interests should be fully considered by the people, through public, nationwide discussion, before final action is taken. They believe that the return of the railroads to private operation as proposed by the Cummins bill and the Esch bill, or under the plans of any bills now pending in Congress, will rob the farmers of hundreds of millions of dollars yearly, and that the Plumb Plan, amended as herein proposed, will best serve the farmers' interests.

In conclusion I desire to announce that representatives of the Farmers' National Council stand ready to debate, either in the press or on the platform, with any genuine representative of farmers who challenges the correctness of our position.

XI. Organized Labor and Public Ownership

WHY ORGANIZED LABOR IS FOR PUBLIC OWNERSHIP

By James H. Maurer
President Pennsylvania State Federation of Labor

MR. MAURER: Mr. Chairman, ladies and gentlemen. There are so many different phases relative to labor on this question that I hardly know which is the most important. While organized labor favors public ownership I do not know as they were, up to a very short time ago, so particularly concerned about it. I think labor should favor any other kind of ownership than the present kind of ownership. When we look at Pennsylvania, I feel and know that Pennsylvania today represents about the same condition that prevailed in old Russia not so many years ago. I do not know as we are so concerned about the ownership of anything right now as we are about our civil liberties and our constitutional rights.

We, of course, favor government ownership. The organization that I have the honor to represent year after year has gone on record as favoring public ownership. We have heard some splendid addresses on the railroad situation today, and on municipal ownership of trolley lines and electric lines and so on. The railroad question I just wish to touch briefly upon. It is one that concerns us in Pennsylvania very much. The opponents of public ownership of public utilities very often tell us that they oppose it because they are afraid to bring politics into these things, that if the government should run anything it would make it a political machine that would be destructive to our good morals. Now as a matter of fact we know that it is the private ownership of these public utilities that has debauched as much as anything else our public officials. I wish to add a few words to the splendid address delivered this evening by the ex-governor on the railroad question.

We read a great deal in the papers nowadays about the I. W. W. They seem to hate the I. W. W. because they believe in or advocate sabotage. Well, I happen to know something about the I. W. W., and I happen to know something of railroad management, and for sabotage and the I. W. W. are a cheap bunch of pickers compared to our railroad management. The railroads have been

sabbotaged and are being sabbotaged by the men who are managing the railroads. When we were at war and the Government was crying to high heaven about doing our bit and about loyalty, why at that particular time they were sabbotaging the railroads and interfering with the operation of the war, and if a poor misinformed creature chanced to express himself as being opposed to the war he was pounced upon tarred and feathered, arrested and thrown into jail and perhaps given 20 years because of lending aid to a foreign foe, or something like that. While that was going on the railroad managers allowed good engines to be neglected or freeze up and get put out of commission; take a train on the main line and then hold it up by orders, and let the cars stay there for hours and tie up a whole division in order to show higher costs of operation, so that the public might demand a change in the control of the road and denounce government control as a failure.

In the Reading locomotive shop, they closed down the machinery at 8 or 9 in the morning, but kept the men. Those men were left in the plant and they got their pay, no work, and no machinery operating. For 60 days this happened on the plea that they had no coal to generate steam to make power with, while as a matter of fact the coal mines are only 20 miles away from the shops and are owned by the Reading Coal & Iron Company, which is the Reading Railroad Company. In other words, the Reading Company owned its own coal mines 20 miles away and could not get coal to generate power. Now we know that they could have had coal, no question about it, but in order to have a big payroll and have locomotives getting burned out and the rolling stock crippled, and freight congested by that means they thought it would look bad for government control.

Discrediting Government Ownership.

We know how they padded the payrolls. We know where they put women to work as section hands on the railroads—women as section hands, and I am sorry that women accepted the job; it was not to their credit, but they felt that they were doing their bit because we were at war. There was no excuse for employing the women at all. In one big yard where they employed 125 men before the government took over the road, and three foremen, after the government took charge of the roads they kept 125 men there, but put over them 128 foremen. Now, how was that for sabbotaging! I will only mention a few of these instances, and, of course, the same people that ran the roads before the war are running them now, and will run them, I suppose, when they go back to the private owners, if they ever do.

Early in Jan. 1918 while in New York the papers were lamenting that the miners were not patriotic, that they were actually refusing to work on Christmas and New Year, and oh the shame of

it—the miners would not work upon these two holidays, when as a matter of fact the miners were considering seriously going on a strike because they could not earn enough to make a living. The miners were working two or three days a week at that time. The trouble was not with the miners; the trouble was with the railroads; they could not get cars, and if they got cars then they could not get them taken away. That is what the railroads did to win the war. They did not seem to care whether our boys got supplies or not. They did not seem to care about winning the war. They only seemed to know they were going to discredit the government control of the railroads. I saw them on the line myself allowing the snow and ice to freeze between the tracks and cause wrecks. Those are the things they did. Organized labor could run the roads if they would give them to us. The railroad men know enough about railroading without anybody staying on the job to hinder the men running them. The government had no right to expect anything else than what they got; it got all that was coming to it. I regret that we all had to suffer with the people at Washington. For incompetency, for autocracy, I do not think there is anything like it this side of the Fiji Islands and the swamps of savage Africa to compare with official Washington.

Some of the speakers spoke about lawyers. Well lawyers are all right, I guess (laughter). If I was a lawyer I would either quit my profession or quit trying to make laws. The last man on God's green earth of all persons qualified to make a law is a lawyer. The laws the lawyers make are difficult to undersand. If the laws were made so we would all understand them we would have little need for lawyers. As a matter of fact I have helped to make laws for 6 years myself. I read over the bills—I generally sit between lawyers, or very close to them and I say to the lawyer sitting along side or close to me, "I do not understand this bill, what does it mean", and he would read it, and he would say "Now, I will tell you, much depends on the interpretation the courts will put upon it." "Now if I was to judge, I would say it would mean so and so, that is what I think it means." You can make a law to say most anything; its actual meaning depends on who the judge is. If you want a real good law written you go to a blacksmith or some other plain every day citizen to write it, and then you might pay a newspaper man to edit it—I do not mean the kind of newspaper men you have in mind—I mean one of our newspaper men (applause): then you will know what it says and means. I have written a good many bills in my time, and I wrote them the way I thought common people like myself understand them. Take the compensation law of Pennsylvania—I believe anyone can understand that. That was written by ordinary people.

Coming back to Washington and to our public officials there: I suppose you have heard of Attorney General Palmer. He came

to the city of Harrisburg, and the question which the state government brought him there to discuss was how to reduce the high cost of living. The Governor invited the mayors and the district attorneys to talk to us and explain, and the attorney general was one of the invited guests, and when he started to speak on the high cost of living he forgot his subject and talked about me, and told the people that came there as the governor's guests what a bad man I was. Now my answer to the attorney general is this, that if the attorney general would go with me for a month to the steel district or to our mining district, and would take a job and don the uniform that belongs to that profession—overalls—and we would both go to work for 30 days, and if after the end of 30 days the attorney general was still alive, I am satisfied he would have a different conception of the working class. We are today branded as socialists, radicals and undesirables if we complain against the present order of society. We hear a great deal about Americanism and to condemn a public official is sedition—and to be un-American. My conception of Americanism and American ideals is freedom, liberty and justice, and if Americanism does not mean that then the sooner America finds it out the better, because then we have been living under a delusion for a long, long time if it does not mean that. The working class are willing to have the railroads owned and run by the people because no matter by what stretch of your imagination, they could not possibly be run worse than they have been run under the private ownership plan. Before the government took over railroads we could not organize the shop men. We sent men into Altoona to organize the shop men; I went in myself, and I went out again. Some of our men were killed.

Has a Private Army

The Pennsylvania Railroad has an army—did have—an army of gunmen all over their roads. Before the Industrial Relations Commission they confessed to being in possession of munitions, rifles, revolvers and other murderous equipment. They acknowledged they have spent a tremendous amount of money annually on such equipment. They would not permit the employes to be organized. The blacklist was used, and discrimination against any man who dared have an original idea or an independent idea and expressed it, and not until the government had taken over the roads were we able to organize those men. They are organized now and they are going to stay organized. As sure as the government makes this blunder—and I am not at all optimistic about it, that they will not make the blunder—I put nothing beyond Washington any more—I say if the government makes this blunder, and I hope it will not make it—and they say they can get away with the things suggested—there has been introduced just recently in both houses the lower house and the upper house—a bill actually providing that the government may draft men in the employ of the railroads

into the army. It makes it a crime to quit work, making them abject servants to the great corporation. If the government thinks that it can do that and get away with it without turmoil then the government is going to make an awful blunder, and what ever happens as the results of any such legislation there is no one else to blame but Congress—no one else. Let the government keep the Roads and put men in charge who are in sympathy with public ownership and they will be successful. (Applause.) I shall not discuss at great length how we are going to get the roads. But if I had my way about it we would not take them according to the Plumb plan. Yet according to the present sentiment of the American people the Plumb Plan might be the most feasible thing to suggest but when we know how the people have been robbed, and when we know that we are still paying interest and dividends on locomotives, cars and tracks worn out 50 years ago, when we know of the water they are carrying, and when we know of the interlocking companies, when we know of the subsidiary companies that are robbing the roads, that the same officials are officials in each company, when we know all this, then it seems a reflection upon our intelligence to ask us to pay these robbers who have robbed us all these years, but like the Civil War, it was proposed to pay for the slaves, and it would have been cheaper in the long run had we paid for them. But the slave owners would not sell. It is the same with the railroad owners today. They seem to be just as stupid as were the slave owners who got nothing. Therefore the railroad owners had better come up gracefully while there is a chance to be graceful.

In Pennsylvania at the present time we have a steel strike—you may have heard about it; you have a steel strike around here too. Of course yours don't look as bad to us at Gary as ours does in Pennsylvania. You have the federal troops here while we have the state constabulary.

I am going to tell you a little story now, and I am not going to feel offended if you do not believe it because some of you may still believe that in America Justice and Liberty still prevails. Pennsylvania, my state, wherein I was born and my father was born, and where my grandfather and my great grandfather were born—my people settled in that old state when the Indians were there, and I guess therefore that I came pretty near being an American. I am not boasting about it; I am admitting it. When the previous speaker was talking about Missouri I was thinking "My goodness what I can tell about Pennsylvania." We have our Valley Forge, we have our Liberty Bell in Pennsylvania; none of you have anything like that; yes, a liberty bell; (applause) and we have a State House where the Declaration of Independence was signed. You fellows from Missouri you must show us, (laughter). Well the steel strike came, not because we wanted it, but because it could

not be prevented. The men suffered as long as they were able to suffer.

Desperate Industrial Conditions

I received a letter a week ago from a member of the Grange—we all have great respect for the Grangers. The writer said : "The steel strike is unpopular to the farmers; this is no time to strike; this is when you should work in harmony and work longer and consume less." Now this gentlemen did not know what he was talking about. Our steel workers of Western Pennsylvania have been working 10 hours a day, 6 days a week, and on the 7th day Sunday they work a 24 hour shift. The following week they work night turn 14 hours a night, 6 days a week, and 18 hours on Sunday; 7 days a week year in and year out, and that is not the worst part of it. They are exploited in many ways. I have in my possession the pay envelope and the slips of the men who were charged for rent, taken off their pay—single man—and they do not live in a company house, and the men would say, "Why do you make me pay rent for living in your house when I am single"? The superintendent in reply would use language that I do not think would be proper here. The poor fellows have to stand for it. When there is a band or a patriotic demonstration, every one of them had to pay for the band, for the placards and everything else. It was taken off of their pay. They lived in the company shacks at high rents and low wages. They said they were foreigners. Well, we went in and organized what was there. Gary and his partners are responsible for their presence in this country. We went in and Americanized them. The first thing we did was to tell them that they should live up to the American standard of living; that they should live in houses and not in shacks; that they must wear better clothes; must educate their children. We taught them to become Americans.

And they are going to crush those strikes. They went out (referring to steel workers) and tied up the steel industry, and then what happened? Hell broke loose and you never saw anything like it in all your life. The steel mills about Pittsburg extend for miles about the city—up the Monongahela, down the Ohio and up the Alleghany. There are steel mills for a distance of 100 miles, and when you speak of the steel belt of Pittsburg understand it does not mean a mile or ten miles, but a hundred miles of steel mills, one gigantic inferno where men work in these terrible furnaces. Men are killed every day and crippled. Last year in our state we killed in industry over 3,000 men and crippled over 300,000 more. These are the sacrifices that we make to industry in Pennsylvania, and when these men finally said they quit, then the public officials from the lowest to the highest got busy, and used their official positions to help crush the strike. The Sunday before the strike

went into effect in one of the towns there was a labor meeting held. Addresses were being made, and all at once the state police unannounced came right into the crowd with big clubs three feet long and struck right and left as they rode in on their horses, and they rode down these defenseless men, women and children. They rode up to the platform and broke down the platform and tore down the American flag. There were many arrests made, and these people were fined from \$5 to \$50 each. Since then over 2,000 men were arrested and for no other crime than being on strike.

(The speaker then enumerated a number of cases of a similar character where the meetings had been broken up by the officials, declaring that in Pennsylvania free speech was dead.)

Favors Public Ownership of Basic Utilities

Continuing, Mr. Maurer said, friends, now perhaps you can better understand why we are favorable to public ownership, not only of the railroads but of the steel and coal industry. We are favorable to public ownership of street car lines, and whether we favor it or not it is the only solution. However, the speeches that we have heard here today prove that we know that the streetcar lines have been over-capitalized and weighed down with a debt that never will be paid. In my city we investigated the lines there, and we found out, my brother and I, a few years ago, that they were capitalized at \$21,000,000—the trolley lines, and an expert engineer whom we employed told us that we could duplicate the whole thing for a little less than \$6,000,000. \$6,000,000 was the physical value of the trolley lines that were capitalized at \$21,000,000, and we are paying dividends on \$15,000,000 of fictitious values.

Now, friends, I have taken up enough of your time. Organized labor is ready to go along with anything that is 100 per cent American and that aims to make this a better and happier world, and the only way we will ever be able to stop this infernal chaos in industry is to change from private to public ownership. You might as well make up your mind to it. As the darkey said, "She was a good old wagon, but she done broke down." So with this system, she has broken down.

I am very happy to be with you. I have learned much today, and hope to learn more as the convention continues. I feel it has been an intellectual treat, and that all of us are much better off for being here. I thank you.

PUBLIC OWNERSHIP IN THE PROGRAM OF THE LABOR PARTY

**By Duncan McDonald
President Illinois State Federation of Labor**

Mr. Chairman and Friends: It does not seem fair to put on another president of a State Federation after listening to the splendid statement, of my friend Maurer, President of the Pennsylvania State Federation of Labor. I understand the design of the secretary is to get as many of these Federations as he can, lined up on public ownership.

I might say in the beginning that while I am the president of the Illinois State Federation of Labor, I am also a member of an organization which is occupying a rather unique position just at this time—the United Mine Workers of America.

Perhaps you have noticed recently that we have adopted a new method of producing coal in America. Miners used to use picks and shovels and all that sort of thing, but they have decided to mine it now with restraining orders issued by the Federal Court. No doubt you will have a splendid supply of coal from Indiana when Judge Anderson starts to work. You have also noticed perhaps that he has prohibited the miners' officials from conducting the strike, which is the first act of this kind that has ever been taken in America. They went further than that and required that the strike order be withdrawn. Those in charge of our affairs wanted to be good loyal American citizens, so the strike order was withdrawn, but the miners are still waiting for a settlement. I predict, so far as Illinois is concerned that they will be waiting for some time yet.

I have been asked to say something about the State Labor Party of Illinois. I might begin by saying that the party has stated in its platform that a complete revision of the State Constitution is desired. I read from the platform as follows:

"Complete revision of the State Constitution to reclaim it for the people so that instead of its being, as at present, the fortress of reactionaries and the backbone of the big business organization that grips the State, it will become the bulwark of the workers, built upon the theory of guaranteeing human rights instead of exalting property rights. Now, the workers' measures are unconstitutional. It must be rewritten so that the proposals of crooked big business will be unconstitutional. It must be made easy of amendment. It must give the State a new and just revenue system. It must guarantee the initiative, referendum and recall. It must release the bonding power of communities so that public ownership and operation are made possible.

Taxation of inheritances and incomes at a graduated rate progressing with their size, and taxation of land values, but not of improvements.

Public ownership and operation of all public utilities, including grain elevators, warehouses, stockyards, abattoirs, insurance and banks. Development under public ownership of the water power sites of Illinois. Public ownership, preferably Federal, of the mines of Illinois, and in the meantime, State regulation which will prevent wasteful, competitive methods of mining."

Criminal Waste of Coal Under Private Ownership

I propose to direct my remarks especially to this question, beginning with the very vital question just at this time, with a coal supply on hand for not more than ten days in the country. The present method of mining coal in Illinois, if it was generally known would not be tolerated for two weeks, because future generations, unless meantime there was found a good substitute for coal, would rise up to condemn the wasteful methods that are now employed. It may be news to some of you to know that in some of the large producing mines in Illinois, instead of taking out 95 per cent of the product, they are taking out 60 to 65 per cent, and in some mines as low as 45 per cent. The balance is left in there, and in this way there is really almost as much coal being destroyed as there is being brought to the surface, because they are trying to gouge it out in the most effective way in order to get the greatest production for the least expenditure of money. There is no excuse for it except that the men in charge of the coal property are required to get that coal out with the least expense in order to show the largest returns to the stockholders. They are only getting the coal that can be mined easily; the rest of it remains in the mine never to be gotten out. There will be no possibility of getting it. That in itself is sufficient to condemn this present arrangement if there was no other; but that is not all; there are many other reasons that might be assigned as to why we should not destroy the fuel supply of future generations.

Tragic Loss of Life

Day before yesterday, I was asked to go to Cherry, Illinois, to take part in a memorial service held there annually, to commemorate the disaster that occurred there ten years ago on November 13th, when 259 lives were lost because the inspector had permitted the mine to operate in direct violation to the law, as was admitted on the witness stand before the coroner's jury. This is only one instance. Every now and then we read of terrible toll of human life taken, and of course, according to the accounts in the press, it is always the model mine, the safest mine, that blows up; or some poor miner is charged with the responsibility of the disaster.

As a matter of fact, there is not a day when the sun rises in the east and sets in the west that at least one life is not snuffed out in the Illinois mines without any warrant whatever except disregard of law and absolute carelessness, because, as a general rule, they find it cheaper to pay the miners compensation than to take care of the mines and make them absolutely safe. No country in the world produces coal at the same tonnage rate per man that America does. No country in the world produces coal equal to us, with as little timbering being required for the safety of the miners. This is explained in a large measure by the fact that the governments in the old countries are stricter about the observance of laws; but in this State the chief thing to do is to stand in politically, which makes one practically safe so far as persecution is concerned. Coal companies not only violate the law, but attempt to dictate politics in their districts, and take a very active part in selecting certain men to serve on the bench so that when cases arise, they can get favorable action.

Mine Owners Want State to Furnish Them Private Army

Now, we are not going to agree that Illinois shall be placed on the same basis as Pennsylvania, which is dominated by the steel and coal companies. A branch of the same concern that brought shame and disgrace on Pennsylvania is now sticking up the black flag of piracy in this State of ours, not only in the steel industry, but in the coal fields. Thus far they have not given us very much concern; they have been very decent, but they are gradually encroaching and forcing an issue, and one of these days they will come out with the same sort of a declaration they used in Pennsylvania. Anticipating what might occur when the trouble came, they introduced in the last session of the Illinois General Assembly—introduced by a representative from a rural district—what is known as the Police Constabulary bill, which was intended to saddle on the people of the State of Illinois the burden of paying for a private army, such as Brother Maurer has described in Pennsylvania, and it required the very greatest energy and all of the power that we could mass to defeat that infamous measure.

They were able to convince quite a number of the farmer representatives of Illinois in the General Assembly that this was a measure in the interest of the farmers; but back of the whole thing was this same infamous outfit that was seeking to grab up all of the industries in America, and then grab up the General Assemblies as well. So, my friends, in addition to having the people own the public utilities, I think it might be well also if we can so arrange it to have the people own and operate their legislatures. (Applause.)

The Coal Prifiteers

Now, I mentioned two phases of this coal situation. I happen to

know a great deal about the cost of producing coal in the State of Illinois. I am quite familiar with the rates in different parts of the State. I know up until the recent strike that screened lump coal was placed on the cars in southern Illinois for \$1.20 a ton, with a freight rate of approximately the same amount. I have friends mining coal, and I have other friends consuming that coal, and coal that is put on the cars in Southern Illinois for \$1.20 is sold in the City of Chicago for \$8.00 to \$9.50 a ton. I have a number of friends here that use one to five carloads annually and they have written me repeatedly to suggest a coal company, that was producing a good quality of coal. I have referred some twenty different people to certain companies that I knew were producing good coal. I knew the mine and the natural conditions; but when these friends asked about the coal, the companies informed them they would like to accomodate them, but could not possibly do it, as the coal had to be handled through the Chicago office. It was impossible to buy direct from the mines, as they had an arrangement whereby middlemen get a rake-off as the selling agency.

Then these large concerns, operating in the State, not only mine the coal down-state, but they have a concern in Chicago known as the Consumers' Company. I do not know why they call it the Consumers unless they mean it is a concern to get the consumer! This company has arrangements with certain railroads that handle the coal; they have the mines that produce the coal; and they have the distributing agency to handle it after it is received in the city; so there is very little that escapes them, except the complaints of the people who dig the coal and the people why buy it.

How the Fuel Administrations "Fixed" the Price

One of these fellows, very prominent in the City of Chicago, went down to Washington during the war, as one of these dollar a year men. He received an appointment which carried with it the responsibility of seeing that the American public get coal; and since he not only owned coal mines, but the distributing agency of coal, he saw to it that the public got coal. Garfield was expected to put his stamp of approval upon the prices fixed, and he did. Garfield is charged with fixing the price of coal, and the men who helped Garfield were the men who were the direct beneficiaries of the situation. They fixed the price of coal because they were in a position to do it. Then the miners downstate were told by these same gentlemen who signed themselves United State Fuel Administrators, "Don't quit work, no matter what happens. Work all day, and all night, if necessary; work Sundays and holidays, because we want to lick the kaiser and defeat the Huns."

In one place, the operators thought it was a favorable time to have some reforms in mining; they wanted to put in a new set of lamps for the miners, and they figured that during the war was a

splendid time to put them in. The miners were to pay a certain daily charge for these lamps. The miners objected, and took the matter up to the State Mine Inspector, who suggested using a closed lamp, to which the miners agreed. But the operators said, "No, you will use the lamp we have selected. You will either use it or you won't work here." Mark you, the man in charge of that property was also appointed as a fuel administrator. At the time, he was president of the Illinois Coal Operators' Association. Because the miners objected, and fought the case, they were called Pro-German, I. W. W.'s etc., and men calling themselves U. S. marshals were sent in there to break up the strike and arrest the leaders, at the instigation of these fuel administrators. One of the miners who was called a Pro-German had such a strong scotch accent that one would think he had just arrived from Bonnie Scotland, but the game worked out to the satisfaction of the coal companies.

Many of the mines yielded a war profit equal to four times their actual value.

Another evidence of the beauty of private ownership is the steel situation, a strike of the 300,000 men engaged in that industry, who insist upon having something to say regarding the wages and conditions of employment in the steel mills. When one man can set himself up as dictator and say to the public, "Pay my price or you don't get steel," and to the workers, "Take the wages fixed by me, or quit and starve," it is a fine system, to be sure.

If it were only possible to give even an approximate estimate of the cost of private ownership, it would be astounding. The cost of strikes, the amount required to maintain the two great economic forces, organized capital and organized labor, would be sufficient to bring about public ownership if it were possible to apply it to that end.

And so my friends, organized labor has broken away from the old traditions and entered the political field for the purpose of more effectively bringing about this great change from private ownership to public ownership. As conditions exist today, it is a constant fight. With some 30,000 millionaires, we must necessarily have many paupers. Therefore, we wish you every success in your undertaking to bring about this great change.

XII. Public Ownership in Program of Committee of 48

**By J. A. H. Hopkins
of New York, Chairman Committee of 48**

The other day a reactionary lawyer in defending the old order said "Why do we need a new political alignment? Haven't the Republican and Democratic Parties done their very best to solve our problems?"

It reminded me of the somewhat timeworn story of the epitaph erected over the horse thief's grave — "He done his damndest—Angels could have done no more."

I think we will all conceive that the private owners, like the Republican and Democratic Parties, have "done their damndest"; but, as in the case of the horse thief, the public have reached the conclusion that their morality is questionable and their system inadequate.

The issue is clean cut. The question for the American people to answer is—"Shall we give private ownership another chance through the political parties which they own and control for their own selfish purposes, or shall we unite politically behind a program that is economically sound, humanely possible and legally water tight?"

Why Private Ownership Has Failed

There are at least two fundamental reasons why private ownership has failed and our major political parties disappointed the hopes of their rank and file: 1. They have established an autocratic control by which the selfish interests of the small minority have frustrated and rendered impossible of accomplishment the requirements of the majority; and 2. They have opened the doors of opportunity to a few at the expense of the many, with the result that our economic and political interests have been sacrificed on the altar of cupidity.

We cannot eliminate entirely the impulse of selfishness. We must recognize that this exists and turn it to good account. We cannot deny the necessity for executive management, but we must surround it with safe guards which will insure its functioning legitimately.

The basic idea of the so-called Plumb Plan embracing as it does the principles of government ownership and the democratization of our industries on a co-operative basis goes a long way in my opinion towards answering these requirements.

It is my earnest hope that at the conference of the Committee of Forty-Eight in St. Louis on December 9th to 12th this idea will be incorporated in their platform. Whatever modifications and amendment the Plumb Plan may undergo, we must not lose sight of the intrinsic value which its central idea contains.

It would be superfluous for me to take the time of this convention in elaborating upon the advantages of public ownership. It is far more important for us to discuss the ways and means by which our convictions can be conveyed to the American public in such a way as to merit their support.

The Old Parties Have No Issues

Can this be done effectively through the medium of the Republican or Democratic Parties? These Parties are each controlled by a dominating group who, in turn, are in the grasp of a financial clique who have their right hand on the throat of the Republican group and their left hand on the throat of the Democratic group. As Ambassador Bryce recorded in the "American Commonwealth" — "Neither Party has anything to say on issues. Neither Party has any principles, any distinctive tenets. These have all but vanished. All has been lost except office or the hope of it."

Only a few days ago, in the course of a public debate in Boston, the representatives of both parties frankly stated that they had no principles and no issues, that their platforms amounted to very little and were not intended to carry any weight and that both parties were similar in all but name.

It is idle to expect that our economic and political problems can be solved through such superficial channels. It is equally idle to suppose that any relief can come except through the initiative of each and every one of us.

Conference of 48 Affords Opportunity

The National Conference called by The Committee of Forty-Eight opens up an opportunity which we cannot afford to neglect. This conference is called for the following purposes:

1. To determine and specifically set forth the fundamental principles for dealing with the political, social, economic facts and problems which affect the lives and liberties of Americans today, and the future of civilization;
2. To adopt a definite method of political action for giving these principles immediate force in the government of the United States and in the international relations of the republic.

This Conference is open to all those who share with us the profound conviction that the time for action has come. From the Conference I trust will issue a program sufficiently intelligent, sufficiently concrete, sufficiently fundamental to demand our united support. For it is only by concerted action that we can accomplish political results.

It is only by throwing off the shackles of partisanship and exhibiting a vision of statesmanship, a courage of leadership and a conviction of patriotism which is independent of the old party labels, that we can give to the people of America the opportunity they crave— "To fight for the things which are nearest to their hearts, the right of those who submit to authority to have a voice in their own government."

XIII. How We Won In St. Joseph

A SUCCESSFUL FIGHT FOR A MUNICIPAL ELECTRIC LIGHT PLANT

By H. Everett Farnham
Vice-President St. Joseph Public Ownership League

Over twenty years ago, St. Joseph voted \$56,000.00 in bonds for a light plant, to furnish current for street lighting only. At the time, the city was paying \$85.00 per year, per arc light, to a private company. The cost was reduced to \$61.00. In 1904, \$75,000.00 in bonds were voted and the present plant was constructed. At about that date, the private company urged that the business be given to them at \$85.00 per arc light. In the last twelve years these lights have cost us on an average \$44.70, and this little wizedened, back number of a plant has saved the city \$334,000.00. So little publicity had this infant venture received that many did not know we had it. So uninterrupted and excellent was the service that, like good health, it was not appreciated, because we did not think about.

A City Groping Towards the Light

In 1916, when Doherty was at the apex of his prestige in St. Joseph, when he had properly illumined his headquarters as a mat-

ter of civic pride (but at the public expense!) ; and—after he had offered, given, donated, free, gratis, for nothing, 10,000 lights for the "City Worth While" sign, (and received due plaudits from the press, and charged them up to an unthinking people!) ; after he had made increased contributions and had seen the head of a local electric company at the helm of our Chamber of Commerce, a man who, it was said, was secretly receiving many hundreds of Doherty contracts for house wiring, and whose very business, though believed wholly independent, was alleged to be owned or controlled by Doherty; after he had even had the "Value Received" satisfaction of seeing his own publicity agent made Vice President of our Chamber of Commerce, and a director, and other utility officials holding strategic positions,—then in his confident exaltation, he proposed the philanthropic scheme of taking over our city street lighting and thereby conserving the city's finances.

Mr. Doherty had planned a master stroke. He felt sure that he and Swift, a reputed large holder of Doherty stock, owned our city. He knew that Swift's bank had a strangle hold upon one of our dailies. He knew that Doherty banking houses of influence in St. Joseph would whole-heartedly serve him. He has the allegiance of some prominent but unscrupulous insiders, a vicious circle of fire around the people's interests and things began to happen. We soon heard of meetings of Improvement Clubs in various parts of the city, packed with a Doherty clique, where the subject of his offer was always discussed and decided favorably to him. A dissenting voice was raised, it is true, in the person of Mr. Chas. D. Fox, the able Superintendent of our city light plant, and he spoke with telling force, but his arguments were smothered with the votes of the Doherty followers. Prominent bankers for the people told them that Doherty was the Guardian Angel of our City and author (with Swift) of most that was good. What wonder that his countenance, though artificially illuminated, seemed really to have the benevolent light of Heaven!

The Chamber of Commerce appointed a committee of so called experts to pass upon Doherty's offer and make recommendations. This committee was headed by a man who knew as much about the problem, as Doherty understands about disinterested benevolence. He was aided and abetted by a State Public Utility Expert from Jefferson City, who took the word of the Doherty hirelings and asked no questions. A voluminous report of things that were not so was submitted and the Chamber of Commerce adopted it and the press published it all with seeming approval. No wonder Bernard Shaw exclaimed, "The longer I live the more I am inclined to believe that this earth is used by other planets as a lunatic asylum."

I had done some newspaper work in my college days and still enjoy it. I traveled much of the time and observed that cities of from 3,500 to 10,000, in northwest Missouri, which owned their utilities, were progressing. Cameron with 3,500, had a lower water rate than we and a better light rate.

Chillicothe, with 10,000, had model utilities and a light rate about half of that charged in St. Joseph. Hannibal to the east of us, was doing wonders. Kansas City, Kansas, a city the size of ours, had a light plant that was designed and built by that splendid Kansas City engineer, Mr. E. M. Stevens, and managed to the present day, by that efficient superintendent, Mr. L. A. Chapman. The people of that city enjoyed rates about half those charged us by Doherty. Entirely "upon my own hook," I began to publish these facts and others, in a series of signed articles in our leading evening daily, and to point out some peculiar local antics. To the credit of this paper, these articles were not garbled. After several of them had appeared, I was favored with a visit from a courtly gentleman, who turned out to be "the right hand man" of Doherty himself, and this dialogue ensued:

"What have you against us?"

"Nothing in the world. I grant that your Company is as well managed as the average private Company; that you and your manager are justified in serving Mr. Doherty faithfully. You could not accept his money and do less. But as a citizen, I am in favor of the city doing both the domestic and street lighting."

"Who are back of you?"

"No one and nothing except years of study of social and economic questions and some experience."

"Two Thousand Failures of Municipal Ownership"

"But over 2,000 publicly owned plants have been failures."

"This is certainly interesting, if true. I am a student and willing to be shown."

"I am going to Chicago tonight and will bring back a book and show to you that will prove I am right."

"Very well, sir! I will study that book carefully and fairly. I shall ask you however, to tell me minutely both about the methods used in compiling the figures and exactly whose interests get out the book."

He never came back with his "proof". He did, however, at a later date, write to the head of the Company with which I am associated, but his letter received no answer. The common people read my articles with joy and I have many and powerful reasons to believe that they cut deeply.

At this time, we had in the Mayor's chair, Mr. Elliott Marshall,

a man of vision and fearless honesty—who opposed Doherty and all his tribe, by whatever name. He recommended improvement bonds that would keep our little city plant from being junked, so enlarge it, as to enable it to do domestic lighting, and that would otherwise provide funds to build up and beautify the city. He showed the way so constructively and clearly that on Dec. 17th, 1916, this Swan Song editorial appeared in the morning daily—

“The Mayor has recommended to the City Council a bond issue of over \$800,000.00 for the purpose of making certain public improvements. The specific items for which bonds are proposed are, in the main, much needed. There is one item, however, the Mayor may well strike from the list and that is the one intended to place the city in a position to do commercial lighting; an investigation made by the Commerce Club and Improvement Clubs of the city, sometime since, demonstrated conclusively that the city can purchase light cheaper than it can manufacture it.

The lighting company here is owned by one of the largest concerns in that business in the country; a concern that is largely interested in other industrial affairs. St. Joseph wants this company to make this city its headquarters for other branches of its large and growing business. St. Joseph is peculiarly fortunate in having two big concerns with unlimited capital at their command within its limits.

The Swift interests have expended hundreds of thousands of dollars during the past summer in developing industries here, thereby materially increasing their holdings in St. Joseph industries. The Doherty interest, it is hoped, will soon begin to do likewise.

The Gazette believes that Mayor Marshall wishes, above all else, to serve the best interests of St. Joseph. He can best do this, in the judgement of this newspaper, by getting into intimate relations with the business interests of the city thru the Commerce Club, and recommending bonds for public improvements with the influence of that civic body behind him.”

Mr. Marshall did not take this advice. The Doherty bunch by a fluke, got a third ticket in the field and he was defeated for reelection.

A City in Travail

As the World War progressed, Doherty and Swift wrapped themselves in the Stars and Stripes. You may remember that Artemas Ward's patriotic devotion found expression in his declaration that he was ready to sacrifice all his wife's relations on the altar of his country. These men seemed to have benevolent feelings to-

ward their employes akin to that. They led in loyalty displays, and Doherty, at least, tripped and fell down on local utility service. He had long worked his plant without replacements, and now that the war was on, he just could not get them, don't you know! He did, however, to be loyal, take on ever increasing loads. Let a few selected headlines from the daily papers of 1918 and 1919 tell the story of Doherty's catastrophe and retribution in St. Joseph.

"No Cars—No Heat—Plant Still Down—Jitneys Authorized."

"Steam is scare—Cars Mostly Idle—Five Boilers Down—Power Plant in serious shape, only one Generator Running."

"Car Situation Menace to Health of the City."

"Sues to take Franchise of Street Railway."

"Prosecuting Attorney Owen files action in Circuit Court to force Company out of business. Violated Rights—Petition Charges—Company has failed to serve city by assuming contracts it could not hope to fulfill; Contention."

"Full break-down at Power Plant."

"Cars Stopped and Lights and Power went off at 3:00 o'clock. A six hour tie up. Worst situation since failure of service began weeks ago. Public Ire Aroused over Street Car Failure. No Cars and No Heat at all. Engineers place the blame. Experts say Boiler and Working Conditions are decidedly bad. Told Doherty about it."

"Mayor and City Counselor say only idle excuses have been offered. State to act."

Numerous factories forced to close. Industries under handicap. News-Press had difficulties. Sniffed the Cold Snap, With lowering temperature, the Street Railway Power and Heat Plant begin to act up again. No service at all last night."

"Pass the Buck."

"Placing the Blame."

"Municipal Ownership Favored."

Most of the big office buildings, department stores, and jobbing houses depended upon Doherty for heat. There was none to speak of for weeks, in the dead of winter,—just Rockefeller and his oil stoves! From Doherty they expected power. It came only intermittently. Elevators stopped between floors and women were extricated through the top, or kept there for hours. One big music company had a promising customer in such a plight, only to face his livid rage and loss of business. Wholesale trade was paralyzed. Picture Houses and Theatres were dark and cold. Shuttle trains had to take workers to the Packing Plants. Big Flour Mills were idle. Retail Stores were cold and deserted. People shunned the city.

The State Public Service Commission answered the complaints of an outraged community with formal hearings in a local theatre

where Doherty lights blinked like a drunken man, and like him, finally collapsed altogether, leaving the commission to darkness or candles.

City trade was going elsewhere. Linotypes would not run on schedule and evening dailies came off hours late. Lights went off in hospitals where major operations were in progress and the finish was with candles. Churches were closed. In the window of a business house on one of the main avenues was kept a lighted candle labeled "The St. Joseph Railway, Light, Heat & Power Company." My dentist walked four miles to his work and got blood poisoning in his foot and his life was in jeopardy. Disease and death from exposure upon the streets waiting for cars, was charged by the Board of Health but our little City Light Plant never failed for a day or an hour, to illumine the city. The pocket nerve of the city had been hit severely. The evening daily had a very enlightening article entitled "If the City's Lighting Plant had been junked." Let an editorial in the same paper entitled "Drive It Home" tell the state of mind to which the public had been forced:

Drive It Home!

At last there is an effort to deal drastically with the street railway company.

Drive it home!

The state utilities commission is conducting an investigation and the public prosecutor has filed suit to annul the company's charter.

Here is a double effort. Drive it home!

The state commission can have plenty of evidence of the company's delinquency. A community of 100,000 will testify to having walked long distances for more than a week because there was no street car service worth the name; will testify that yesterday the power, heating and lighting service failed completely for hours and that today the interruptions have been most aggravating; that commerce; industry and all forms of activity dependent upon electrical power have been demoralized. And thousands will testify to having suffered because the company did not supply heat. The same testimony will support the prosecutor.

The street railway company must be brought to judgement. The effort to do this must be heartily, actively, persistently backed by the public. Otherwise this miserable experience will have to be faced again, and yet again, as long as there is tolerance.

Now is the time to act. Drive the effort home!

A City Awake and Triumphant

It was not so long after this that a dozen of us decided to organ-

ize the Public Ownership League of St. Joseph, aided by suggestions from Mr. Carl D. Thompson, Secretary of the National Public Ownership organization, and favored by an aroused public sentiment, our League, like the classic turnip behind the barn, grew, and it grew, until it attained a membership of over five hundred men. It was fitting that former Mayor Elliott Marshall should be chosen President. Mr. Chas. D. Fox, Superintendent of the City Light Plant, was chosen one of the Vice Presidents. Members wore buttons inscribed "Municipal Ownership—Help our Streets, not Wall Streets." In due course and for different but excellent objects, the City Council was led to propose bond issues aggregating nearly \$2,000,000.00, one-half million of which was for extension of our City Light Plant, and the rest for sewers, new City Hall and Civic Center, new City Hospital for contagious diseases and for the Fire Department.

Our League held weekly meetings in the City Council Chamber, at which a program of music was followed by an address by some outside speaker from a city where utilities were owned by the people. These addresses were wonderfully instructive and stimulating and were completely reported for Doherty by a court stenographer, as well as a given front page and liberal space in the daily press for us.

Interest grew by leaps and bounds, as the story was told of what other cities were doing. Prominent advocates as Mr. J. F. Osborne, Mayor at Joplin, Attorney Geo. E. Kimball of Kansas City, Mo., Mr. Willis J. Spaulding of Springfield, Ill., Judge Wm. M. Morning of Lincoln, and many others, including Mr. E. M. Stevens, who built the Kansas City, Kansas plant, gave us splendid help by letters or in person. Doherty's manager, in desperation, appealed to his old supporter, the Chamber of Commerce, for a vote of confidence. The "Insiders" for once, ordered a referendum. Doherty's manager promptly sent a letter filled with mis-statements to each member of the Chamber of Commerce, in the hope that he might, thereby, avert an unfavorable verdict. I was invited and answered this letter categorically in a speech delivered at the North Side Improvement Club, and next day printed in full in the evening paper. At the same time, Judge R. E. Culver, a man of great talent and influence, came out in a strong letter in the paper, advocating all the bonds. We published this remarkable letter next day, as a full page advertisement. Doherty lost overwhelmingly. The vote was for a City Plant and for all the bonds.

At about this time, a Cosmopolitan Club and the Retail Merchants association went on record for the whole bond issue. Then came on the scene the best representatives of big business, proposing to us a Central Business Committee of over thirty men, to put over all the bond issues. We joyfully welcomed them with their wise and far reaching plans. The Improvement Clubs were

revived in all parts of the city and each club named a representative member to serve on this committee. Union Labor came into the harness with delightful force, and sent their best officials. The Press came in, the Clergy sent one of their finest men. Mr. Marshall, our president, and I, as a vice president, were invited to serve in this large organization. This Central Committee requested me to get up a booklet of facts for speakers to use as a basis for speeches to aid the light bonds, where the fight was certain to be the hottest. This Central Committee met daily in a private dining room of the Robidoux Hotel for lunch. There we discussed all phases of the work in hand, listened to reports from committees on finances, speakers, printing and publicity ward and precinct organizations, reports from straw votes taken in the big plants—in short, everything that enters into a thorough going contest of this kind.

Stirring Public Meetings

Meetings of Improvement Clubs were scheduled weekly. Always we were given the center of the stage to talk for City Light. Our issue of bonds, since the one most bitterly opposed by the vested interests, made the fun and the excitement for the whole month's campaign. Former Mayor Marshall dealt Doherty staggering blows at many of these gatherings, by showing up the dishonesty of the management generally, and in particular by displaying their sworn statements to the State Utility commission, when seeking increase in rates, of a real estate valuation of over \$11,000,000.00, and at the same time, a statement to the local assessor of real estate, to the value of only \$14,000.00; (and this year they are taxed for less than \$2,000,000.00.) When Doherty's manager was asked of what this \$14,000.00 of real estate value consisted he replied, "Of rails, ties, wires, poles and cars."

One of the Improvement clubs set the stage for a big debate between a spokesman for our Public Ownership league and the defender of Doherty and private ownership. The event was widely heralded, our speaker was there and primed, but Doherty's man failed to show up. We had our side presented just the same. We had thousands of big yellow bills posted in windows all over the city, inscribed "City improvement bonds, vote 'yes' for all the bonds. Election May 27."

On the evening of May 16, the Crystal room of the Robidoux Hotel was crowded with as representative a body of citizens as St. Joseph possesses. The Central Business committee and the Public Ownership League had here set the stage for one of the most enjoyable banquets and impressive exhibits of civic spirit ever witnessed in the city's history. John I. McDonald, a public spirited and most talented citizen, by the use of slides explained to us graphically the significance of the bonds to our new City

Hall and Civic Center. Carl D. Thompson of Chicago, in a ringing speech convinced even the mossbacks of the value of the city light. The representatives of Doherty were there and heard from him the pure unadulterated wisdom of city ownership of utilities and the hearty plaudits of the crowd for the advocate thereof.

Met The Opposition at Every Point

One of the stunts upon which the Doherty followers counted most confidently toward the close of the fight to turn the tide, was a debate to be staged May 21 at the Wednesday luncheon of the Chamber of Commerce. Here, if anywhere, would be a sympathetic setting. A well known reactionary lawyer, J. R. Sucally, of Kansas City, Kans., was booked by Doherty to prove that the municipal owned plant in that city had placed enormous tax burdens upon the city and was really an expensive luxury. This plant had figured so largely and successfully in our fight, that to explode our claims would do wonders to defeat us. We selected Judge Charles H. Mayer, of our Central committee, to present our side. The Crystal room was packed. Tension was high. The defender of the interests presented a longwinded batch of figures of which the crowd quickly grew tired. He asked for more time and our speaker granted it. The longer he talked, the more desperate became his dilemma and the more woe-begone our opponents. Finally Judge Mayer, in a short ringing talk, swept the foundations from under him by forcing him to make most damaging admissions and the crowd went wild with joy.

Our Publicity committee did wonderful work—full page advertisements of the most effective type were freely used to promote the campaign and answer any points made that were worth answering. Many of the claims made by our opponents were so obviously preposterous, that we could ignore them altogether. One full page was given to caricatures of the writer's experiences with Doherty's light, heat and power. This was so exceedingly well done that papers went like hot cakes. Often all copies of the evening daily at news-stands were mysteriously bought up so as to get them out of circulation. We had three minute speakers at a lot of the picture houses, who did rapid fire work. The churches took note of events on Sundays. During the week, we had street music and street speakers. Our little hand-book of information, based upon certain chapters of Mr. Thompson's little book on Municipal Ownership, enabled many an enthusiast to speak with authority and work like a veteran.

Doherty was not idle. His affairs were delegated chiefly to a famous ward-heeler and cheap politician, John Albus. This tool of Doherty combines the characteristics of the three boys discovered by a Missouri editor, one of whom is so cross-eyed that when he cries the tears run down his neck, another who can look

at the back of his head, and a third who has to turn around to see how to button his galluses in front—and his employer sees prominently displayed at the back an open palm. Poll books were early inspected. Money was plentiful around saloons. Rooms were taken at a hotel for headquarters. Bands played—streetcars were placarded and thereby made unpopular. False statements were circulated about the city light. A prominent firm of Kansas City engineers said they were approached, but declined a retainer to help in Doherty's struggle against the city. Fake improvement clubs, floated by booze, were started only to fade away when their members sobered up next day.

A Splendid Victory—Five To One

As May 27, the election day, approached, street cars appeared with their whole sides displaying warnings of the dire results to ensue if the light bonds carried. People declined to ride and within twelve hours, the objectionable decorations were removed. On the day prior to election, we had canvassed the city with green "Voter's pledge" cards, wherein they signed up to vote for all the bonds. Our headquarters in charge of Mr. John Wunderlich, secretary of the Chamber of Commerce, since resigned, furnished us with the card index, which has been used in the Liberty bond and Red Cross drives, to every precinct in the city. At the election we had captains in every ward and workers in every precinct, and we had seen to it that every election judge could be depended upon to count an honest vote. We had hundreds of automobiles to bring in the voters. We wore big yellow buttons with, "I am for St. Joseph. Vote 'Yes' for the Improvement bonds May 27," as an inscription.

By 9:00 p. m. on this election day, we knew that Doherty's popularity had crowded zero, that all four of his tires were flat and that he had spent \$100,000.00 all in vain. There had been polled the biggest bond vote ever recorded in the city. The bond propositions all carried by majorities that ranged from four to one for the City hall and Civic center and five to one for city light, to as high as ten to one for sewer extension and fire department. The next day the evening paper said editorially: "The success of the City Improvement bonds by overwhelming majorities in yesterday's special election was an epoch making event in St. Joseph's history. May 27, 1919, will be written into the history of St. Joseph as a great and eventful day. It is the date upon which the newly awakened spirit of progress made a momentous manifestation. A new era dawned on that day, and the city began heading, earnestly, positively, and with powerful stride, toward the things that are really worth while."

XIV. Resolutions

**The following resolutions were adopted at one or the other
of the several sessions of the Conference**

Conservation And Public Ownership Of Natural Resources

Presented by the Resolutions Committee and adopted, November 15th, 1919.

Whereas, Our fore-fathers fought for political freedom and to establish democratic government, the purposes of which are to insure equal rights and opportunities for all, and

Whereas, Modern inventions, the development and use of natural resources, improved methods of transportation, communication, production, distribution and modes of living, have rendered industrial and economic democracy quite as essential as political democracy in serving and rendering equal opportunity to all, and

Whereas, Industrial and economic tyranny may be, and often are quite as unjust and unbearable as political tyranny; and the incentive for political and economic domination, by private interests, thru control over the natural resources and the public service monopolies (depending on charter rights and franchise grants), are especially strong, active and pernicious and

Whereas, The purpose of political freedom and democracy has been largely nullified, or wholly defeated by the dominating and corrupting influence of concentrated wealth and control of resources and production in the hands of selfish and unscrupulous men; while common good and welfare of all, demands that great or arbitrary power, either political or economic, shall not be placed in the hands of any one man or group of men, and

Whereas, Our natural resources, water power, coal, oil, gas, timber, iron ore and other minerals, which are the common heritage of all, have been, and are controlled, exploited and wasted in the interests of gain and private profit, not alone resulting in great loss to the present generation, but to the lasting injury to posterity, and

Whereas, The natural resources can only be developed, used and conserved to the interests of all, by nationalization, or public ownership, and

Whereas, The monopoly control of the great natural resources has so enriched a certain group, that it has been able to exert a dominating influence, if not actual control, over the railroad transportation, banking interests, publicity agencies and

other economic institutions of the country for their own ends and further enrichment, and

Whereas, The private ownership of coal has been replete with the exploitation of the worker, and at the same time there has been an almost constant rise in price to the consumer, and the greed for profit as well as the industrial unrest and labor disputes of the present and past months have left the entire country, at the court injunctions against the coal strike, or strikers, with the consequent suspicion and mistrust of the motives and fair play of such proceedings, with possibly no actual accomplishment for good, in any effort to mitigate, or correct the evil results of exploitation and industrial turmoil, and

Whereas, The Water power is the only remaining natural resource that has not fallen entirely to private hands for exploitation and profits and there appears to be no reason why national government should not undertake the development of many, if not all, of these remaining power projects on practically the same basis it worked out and put in use in the reclamation projects in arid regions since legislative bills now before Congress do not adequately safeguard the public interests in the water power projects by the reservation that the United States, a state or municipality, shall have the right to take over any water power project that has been developed by private interests, by paying the net depreciated value of the property, at any time, after reasonable notice, and

Whereas, The nation is now experiencing a period of unprecedented high prices largely as a result of exploitation in utility service and monopoly control of the necessities of life, therefore be it

Resolved, That we, the Public Ownership League of America in conference assembled, express our belief in, and devotion to, the principles of public ownership and operation of all our great natural monopolies, as well as those created by economic conditions,

That we pledge ourselves to do everything in our power to bring about the actual accomplishment of public ownership in the interest of the common good,

That we urge upon Congress and the President of the United States the desirability and necessity of the conservation and public ownership of our natural resources, as well as others of an economic nature, as the only means of protecting the people from exploitation and extortion,

That we, accordingly, recommend and urge that the following committees be appointed to thoroughly investigate and report on the conservation, development and nationalization of, 1st—the water supply and power; 2nd—the coal supply; 3rd—oil and natural gas supplies; 4th—timber supply and timber lands, reforestation, etc., 5th—the iron ore supply; 6th—other mineral resources, and 7th—such other natural monopolies resulting from economic

conditions that are necessary for the well-being of the people as a whole,

That we urge the appointment on the different commissions of men and women of recognized ability, disinterested devotion to the public interest, and honest advocates of public ownership, and that the different commissions, in addition to reports and recommendations dealing with the subject matter, also recommend the essentials of the legislation, necessary for effective conservation and nationalization,

That we urge upon Congress and the President of the United States the desirability of creating the different commissions with the least possible delay, and that effective laws be enacted at as early a date as practicably possible to nationalize our natural resources and economic monopolies.

—II—

Urban Utility And Transportation Service

Presented by the Resolutions Committee and adopted November 15th, 1919.

Whereas, Adequate, reliable urban utility services (water, gas and electric supplies, transportation, etc.,) are necessities of modern cities and are in their essentials service monopolies for any given city or metropolitan district, and which, as such, are eminently proper functions for governments to undertake and supply at low cost, and

Whereas, It has been the general practice to delegate these important service functions to private interests by charter and franchise grants with an almost universal resulting inadequacy and high cost of service, financial exploitation and the final breakdown of the "System." Also in view of the demands made by the utilities companies for higher rates and the street railways and rapid transit interests for higher fares (which they have generally secured, regardless of contract obligations even without proof of the justice or equity of their demands) usually to insure returns on fictitious values, over-capitalization, improvident financing and bad management, and

Whereas, The experience of over sixty years has shown that franchise trading for utility service undertakings and street railway and rapid transit grants and the selfish activity of these private interests for profit, have been the most active and potent factors in bribery, and corruption and prostitution of municipal governments in the country, and

Whereas, The cities of other lands, notably Great Britain and Germany have found it expedient and to their best interests to eliminate private profit-making concerns, and to take over their urban utility and transportation service as municipal enterprises

(the majority of American cities already own their water supply and some of the Pacific coast cities, San Francisco and Seattle, have undertaken public ownership of city transportation service) as the only definite and satisfactory solution of the municipal utility service problem, now therefore be it

Resolved, That we, the members of the Public Ownership League of America, in conference assembled, express our belief and devotion to the principle and practice of public ownership and operation of the water, gas and electric service and urban transportation and marketing facilities of our cities, and that we pledge ourselves to work in every practicable way to bring this about; that we urge upon all citizens in the interest of public welfare political honesty and civic righteousness, the desirability, or rather the necessity of taking over these functions at the earliest possible date, and eventually, all other essential services that are monopolies in their nature or scope, under public ownership.

—III—

Public Ownership Of National Highways And Communication Service

Presented by the Resolutions Committee and adopted November 16th, 1919.

Whereas, The avenues and means of public communication (water-ways, high-ways, railways, postal service, telegraph and telephone) are in their nature public service monopolies, and as such their ownership and operation are properly functions of government, and

Whereas, Railroad transportation is one of the greatest and most important of the essential modern public service industries; a—the railroads are the embodiment of our most highly developed national highways; b—enormous amounts of wealth, or capital, are devoted to the creation of railroad transportation facilities; c—a large percentage of the population is concerned, either directly or indirectly, as employees or wage-earners of the railroads; d—railroad transportation affects either directly or indirectly, thru service and cost (about \$48 per capita) every man, woman and child in the nation, and

Whereas, Railroad transportation in private hands has resulted and still results, in many and great defects, as well as abuses, (frauds in obtaining grants; construction and financing frauds; unnecessary duplication of facilities and service for some localities, and inadequate or total absence of facilities and service for others; high and unjust rates; discrimination in rates and service, as between shippers and also as between localities; improper and inefficient use of terminal facilities; stock jobbing and financial exploitation; pernicious political activity; bribery of political

officials and corruption of government; failure and refusal to adopt and use safety measures and appliances; and many other faults and abuses) which the people thru the state and national governments have never been able to effectively prevent or control, faults and abuses which are of such a nature and extent, that the majority of other countries have found it necessary to adopt public ownership as the only remedy, and

Whereas, Supplying the means of conveying intelligence and information, the telegraph and telephone, are properly functions of government and should be made a part of the postal service, and which, under private ownership monopoly, has been the fruitful source of many faults and abuses in the past and which will doubtless continue as long as under private control, and

Whereas, The private ownership monopoly and control of terminals, warehouses, storage and other marketing facilities, has resulted in exploitation, extortion, injury and loss to both producers and consumers while the marketing and conservation of necessities of life may very properly become a function of government service for the benefit of all, in fact, has already become a function of government in many countries to the great benefit of the majority and

Whereas, All public services that are in their nature monopolies, should be conducted on the fundamental principle of service at cost in the interest of the public served, rather than for the private profit, or gain, of those rendering the service, and as the incentive for gain, both directly and indirectly has resulted in great lasting loss and injury to the public, (under the most scrupulous honesty of management by the private interests and regulation by governmental authority, there is always the higher cost for borrowed capital and the claim for high rates of return, and a constant conflict of interest between the public served and the private interest seeking profit, and

Whereas, The railroads under private ownership for profit have failed for years to make adequate terminal and other improvement and to supply themselves with the necessary rolling stock, motive power and other equipment, and when terminal and other improvements are undertaken, many times at great cost, they generally result in benefits to one individual road, or group of roads, rather than to the general benefit of all roads serving a district and the public as a whole, while selfish interests dictate that rolling stock and equipment belonging to any particular road should be held as nearly as possible for its exclusive use while most effective and efficient use of such equipment and facilities can be secured in the interests of all thru public ownership and

Whereas, The railroad transportation system and service of the country broke down under war conditions and had to be taken

over and operated by the federal government, in order to co-ordinate the facilities and service, and remedy to a degree, accumulated defects of private control and management, and

Whereas, Notwithstanding all of the existing handicaps inherent to the private ownership system, or lack of system, under which the government took control and operation, and the stress of carrying on a great war nearly five thousand miles away from the country, the powerful interests that profit through private ownership, (promoters, financiers, stock manipulators and exploiters) have with utter disregard of the facts and conditions, endeavored in every way possible, to discredit the accomplishments and showing made under government control and operation, regardless of the conditions under which the government took over the railroad transportation and the short time under such control and operation, and the fact that the enterprise was only treated as a temporary expedient for the duration of the war, and

Whereas, The government control and operation of the telephone and telegraph have been under similar, if not equal handicaps against making a favorable showing, and

Whereas, The apparent results shown for short periods of control and operation, secured under the conditions of temporary expediency, and which are pointed out by unfair and hostile criticism can not honestly be considered as the showing to expect, or as typical of permanent government control, ownership and operation of the nation's greatest facilities of transportation and communication, therefore be it

Resolved, That we, the members of the Public Ownership League of America, in conference assembled, express our belief in the soundness of the principle of public ownership and operation of: the railroads, telegraph and telephone service, as well as, such storage, warehouses and marketing facilities, as are natural or economic monopolies, or that have been the means of exploitation and extortion in private hands;

That we pledge ourselves to work in every practicable way to bring about public ownership and operation of the above named public service monopolies of distribution, etc.,

That we urge upon Congress and the President of the United States the desirability and necessity of appointing commissions composed of qualified, disinterested, public-spirited citizens, to investigate, study and report upon the best means of acquiring and operating, in the interest of the public, 1—the railroads; 2—telegraph and telephone systems to be made a part of the national postal service; and, 3—such storage, warehouse and marketing facilities as are concerned with interstate supply and distribution of the necessities of life,

That such commission, as a part of their duties, shall prepare and present to Congress the necessary essentials of needed legislation for making the acquisition and operation of the above-named public service and marketing undertakings effective at the earliest practical date.

—IV—

Municipal Home Rule

Presented by the Resolutions Committee and adopted November 16th, 1919.

Whereas, Nearly all municipalities and metropolitan districts have problems that are peculiar to their location, resources and population which can best be dealt with by those most vitally concerned and having most intimate knowledge of all the factors, and

Whereas, Many municipalities and districts have suffered injustice, hardship and even injury by reason of the domination and interference with their local affairs by the state and national governments, or agencies, such as disregarding and avoiding of contract agreements made by municipalities, therefore be it

Resolved, That the members of the Public Ownership League of America express their belief in, and devotion to, the principles of local self-government for municipalities and metropolitan districts known as home-rule, and that they pledge themselves to advocate and work for its establishment and maintenance as a factor of government policy and practice throughout the country.

—V—

**A Method Of Instructing Congressmen On National Issues
By Direct Popular Vote**

Presented by Herbert S. Bigelow and adopted November 16th, 1919.

Resolved, That the Public Ownership League of America approve of the proposal to use the Popular Initiative to bring about the direct vote in November, 1920 in the sixteen states where this would be possible, a uniform law, providing for a method of instructing congressmen on national issues by direct popular vote;

And further be it Resolved that the president of Public Ownership League of America shall appoint one (1) or more representatives of this league to serve with representatives similarly appointed by other organizations, whose duty it shall be to bring about co-operation with as many organizations as possible, and to formulate and agree upon a draft of the proposed legislation, and to direct the work of securing signatures to place the same upon the ballot.

—VI—

Extension Of Federal Control Of Railways

Presented by the joint meeting of the Executive Committees of the Plumb Plan League and the Public Ownership League and unanimously adopted by the Conference, November 17th, 1919.

That the Public Ownership League of America unite with the Plumb Plan League and all other organizations in urging at least a two years extension of the federal control of railways.

—VII—

The Plumb Plan For Railway Ownership And Control

Presented by unanimous agreement of Executive Committees of the Plumb Plan League and the Public Ownership League and unanimously adopted by the Conference November 17th, 1919.

That the Public Ownership League of America endorse the general principles of public ownership embodied in the Plumb Plan for railway ownership and control of railways with such modifications as may be deemed wise and necessary.

—VIII—

**On Co-Operation And Coalition Of The Plumb Plan League
With The Public Ownership League**

Presented by unanimous agreement of Executive Committees of the Plumb Plan League and the Public Ownership and adopted by the Conference, November 17th, 1919:

That we, the joint meeting of the Executive Committee of the Public Ownership League and Warren S. Stone, Timothy Shea and Glenn E. Plumb representing the Plumb Plan League, approve the co-operation or consolidation of the local organizations of the Public Ownership League and the Plumb Plan League wherever the local members so desire, and upon such terms as they may mutually determine.

—IX—

**On The Death of Dr. Charles Fremont Taylor, Long Time Advocate of Public Ownership And a Charter Member of The
Public Ownership League**

Presented by the Resolutions Committee and adopted, November 17th, 1919:

There has lately passed a man, Dr. Charles Fremont Taylor, of Philadelphia, who with the modesty characteristic of the truly great, remained practically unknown to the millions whose lives he affected for good. However, no movement among Americans for

the spread and deepening of democracy but was aided directly and indirectly by him. He years ago became convinced that the question of fundamental importance was not so much the inculcation of the spirit of democracy among the people, as it was to provide adequate machinery for democracy so that the existing spirit could find unimpeded expression.

To this end he founded and maintained a quarterly called "Equity" which gave to all workers for the same end a wealth of carefully collected data available in no other manner. This publication with personal and financial assistance from Dr. Taylor, is greatly responsible for the fact that twenty-two states of the Union now enjoy that fundamental of democracy, the Initiative and Referendum, and that in forty four states this is enjoyed by municipalities. The movements for the Recall, the Short Ballot, the budget system, proportional representation, woman suffrage and similar movements also received unstinted aid from him.

Toward Public Ownership, Dr. Taylor always displayed the same generous and sacrificing spirit. In the years when Frank Parsons was first calling attention to the need for the collective ownership and control of the means of transportation and communication, he was one of his staunchest allies. When the Public Ownership League was formed he accepted membership on the executive committee and has given generously of his council, time and money.

We as members of the Public Ownership League in national conference therefore express to Mrs. Taylor and members and friends of the family our deep sense of loss of a valued fellow-worker with us, and our sincere sympathy with them at this time. We assure them that the name Dr. Charles Fremont Taylor will ever remain one of highest honor among those who are of the same democratic spirit and that his work will ever remain as an indispensable and imperishable part of the free society which men and women shall some day complete upon this earth.

—X—

Restoration of Civil Liberties

Presented by James H. McGill and adopted November 17th

Resolved that it is the sense of this convention that since the war is over, the Prussian autocracy crushed, the military emergency which occasioned the suspension of our customary rights of free press no longer exists and that the United States government should immediately restore all civil liberties to the citizens of the nation.

Further: That a copy of this resolution be forwarded by the secretary to the U. S. Senate and House of Representatives.

**Thanks of The Conference to Various Individuals,
Institutions And Organizations**

Presented by the Resolutions Committee and adopted, November 17th, 1919.

We, the members and friends of the Public Ownership League have in the three days of our National Conference enjoyed a period of fellowship, educational and enlightenment that has been without a flaw. This has been due to the courtesy, generosity and hospitality of those who co-operated to make this Conference the success it has been. To all of these we as visiting members and friends of the Public Ownership League desire to offer heartiest thanks. But most of all we tender our grateful thanks to

The management of the Congress Hotel for its generous hospitality in giving us not only the use of this magnificent room for a meeting place but also for innumerable services and courtesies both from the management as a whole and individual employees.

To the Chicago Plumb Plan League for several weeks and months work to help make this Conference a success.

To the representatives of the press of Chicago who have reported fairly and more accurately than usual the happenings of the Conference.

To the members of the reception committee of the local Public Ownership League who have aided us in many ways.

To the National Plumb Plan League, whose leaders, Warren S. Stone, Timothy Shea and Glenn E. Plumb, have by their addresses before the Conference and their counsel in committee done very much to bring information and enthusiasm to our gatherings and and to our future work.

XV. Constitution

Article I

Name and Purpose. This organization shall be known as the Public Ownership League of America. Its headquarters and main office shall be located in the city of Chicago, Illinois.

The public ownership and operation of public utilities and natural resources being a function of government and necessary for securing democracy, social justice and good government, it is the purpose of this league to promote the public ownership, efficient management and democratic control of public utilities and natural resources—municipal, state and national—as rapidly and as far as may be practical and consistent with the public welfare; all to be operated with justice both to the public and the employee.

To effect this purpose, the League will collect, classify and disseminate information relating to those subjects by all proper means and methods.

The League, being non-partisan, shall not officially endorse any political party or its candidates, but each member shall be free to act politically as his judgement may dictate.

Article II

Officers and Committee. The officers of this League shall be a president, seven or more vice-presidents, a secretary and treasurer, who with the exception of the secretary shall be elected at the annual meeting and serve for one year or until their successors are elected.

There shall also be elected at each annual meeting an Executive Committee of fifteen members. An Advisory Committee and an Organization Committee shall be elected by the Executive committee.

The Executive Committee shall be composed of members of the League so situated that they are able to meet at the headquarters of the League at least once every three months. It shall direct and supervise the work of the League; shall devise ways and means for raising the necessary finances and otherwise provide for the prosecution of the work of the League; shall elect the secretary, fix his compensation, direct and supervise his work, and shall have the power to fill any vacancies of officers or members of committees until successors are elected. It shall elect any special committees that in its judgement are required from time to time, and shall perform all other duties which usually pertain to such committees.

The advisory committee shall be composed of one or more members selected from the membership of the various organizations and associations affiliated or co-operating with the League, and

shall have as its duty and function to bring to the attention of the executive committee of the League any suggestions, information, or other matter which the various organizations represented desire to communicate, and shall otherwise serve to keep such organizations in touch and co-operation with the Public Ownership League.

The organization committee shall be composed of one or more members from each of the several states. It shall be the duty and function of members of this committee to represent the League in the respective states and provide for the development of the organization and its work within the state until such time as a permanent state organization is effected.

Article III

Membership. Any person or organization in accord with the objects and principles of this League may become a member by filing a signed application with the secretary and paying the membership fee, subject to the approval of the Executive Committee. There shall be seven types of members: (1) Associate members, paying \$2.00 membership fee per year; (2) Regular members, paying \$5.00 per year; (3) contributing members, paying \$10.00 or more per year; (4) Library members, paying \$5.00 per year; (5) Group members, paying upon the basis of \$10.00 or more per year for central labor bodies; \$25.00 or more for state Federations of Labor, and 25c per member per year for all local unions and other organizations; (6) Municipality membership, cities and villages paying thru their councils, commissioners or other officials upon the basis of \$25.00 per year for cities and villages under 2,000 population; \$50.00 per year for cities between 2,000 and 20,000 in population; \$75.00 for cities between 20,000 and 100,000; and \$100.00 per year for all cities above 100,000; (7) Life members paying \$500 or more to the work of the League.

In recognition of special service rendered in advancing the purposes of this League, the Executive Committee may elect honorary members and officers, as it may find desirable.

The regular and contributing members shall be entitled to all publications and bulletins of the League and to such other services as the League may render its members. The associate members shall be entitled to similar service in proportion to their fees and contributions. All members shall be entitled to attend and to have a voice and a vote in all meetings of the League, and to a vote in all referendums. Group, Library and Municipality members shall be entitled to one vote for every \$10.00 in membership fees paid in. No member or organization shall be entitled to a vote or other privileges of the League whose dues are not paid for the current year.

Article IV

Meetings. An annual meeting of the League shall be held each year for the election of officers and for the transaction of all other business, which may properly come before such meeting. The meetings shall be called at such time and place as the Executive Committee shall direct providing, however, that at least three months notice shall be given to all members and the general public. Special meetings of the league may also be called by the president with the approval of the Executive Committee or upon the written application of fifty members. Providing that at least two months notice shall be given in writing to all members of the league.

The Executive committee shall meet at least once every three months at the National Headquarters. Special meetings may be called by the secretary upon written request of the President or any five members of the committee.

Article V

Referendum. Any matter or question may be submitted to referendum vote of the membership by the executive committee, or by the President or secretary with the approval of the majority of the executive committee, or by petition of not less than 25 members in two or more states.

Any matter may be submitted to referendum vote of the executive committee by the president, secretary, or any five members of the committee.

Article VI

Local and State Organizations and Affiliated Bodies. Local and state organizations of the League may be formed subject to the approval of the Executive Committee whenever a sufficient number of members can be secured to make such organizations practical. The National League shall encourage and assist in the formation of such organizations which shall have full control of their own local affairs and fix their own dues, providing that local organizations shall take out and maintain at least five regular memberships in the National Organization and as many more as they are able; State organizations shall take out and maintain at least fifty regular memberships. Such local organizations shall be entitled to as many votes in the meetings and referendums of the league as they have paid up memberships in the National organization. Local municipal or public ownership leagues already formed, and other organizations in accord with the objects of this league may, subject to the approval of the Executive Committee, join upon the same basis as above.

Article VII

Information Service. The League shall conduct an information service the purpose of which shall be to collect thru research

and to classify and make available, data and information on the subject of public ownership thruout the world. It shall be the aim of this service to supply the members of the League and affiliated organizations, public officials and others desiring it, reliable information bearing upon the public ownership of public utilities.

Article VIII

Publications. The League shall publish from time to time such bulletins, pamphlets, leaflets, press service, news letters and other material on public ownership as its means will permit and occasion require.

Article IX

Amendments. This constitution may be amended at any regular or special meeting of the league, or by referendum vote of the membership.

XVI. Minutes of Business Session

Meeting called to order by the President of the League, Hon. A. M. Todd at 10 a.m.

Secretary of the League, Carl D. Thompson, read report of the activities of the League for the year 1919, together with statement of financial operation of the League and recommendation for the work of the coming year. (See page 17 of these "Proceedings" for full report.)

Committee on Committees:— The Committee on Committees appointed by the Headquarters Committee of the League to suggest to the Conference certain committees, reported the following recommendation:

That a Committee on Constitution be appointed consisting of Messrs. Thompson, Delagrang and Holly. A committee on Resolutions consisting of Messrs. Mohler, Wilcox and Rodriguez. A Committee on the Nomination of Officers for the ensuing year consisting of Messrs. Cullman, Sherman and Mills. Motion made that the above recommendations of the Committee on Committees be accepted. Carried unanimously.

Lewis' Book on Money Question:—John Z. White appointed as special committee to consider the advisability of the circulation and sale at the Conference of Mr. Lewis' book on the Money Question, reported adversely. Recommendation adopted.

Sunday, November 16

Resolutions:—Charles K. Mohler for the Committee on Resolutions reported and recommended the adoption of the following resolution in reference to Urban Utilities. See Page 275. Upon motion the resolution was adopted.

Revision of Constitution:—Secretary Thompson of the committee on proposed revision of the constitution submitted and read the Committee's report. Motion made to amend the report of the committee by adding a provision by which Municipalities may join the League thru their officers. Amendment carried. Motion made to further amend the Committee's report by adding a provision for Life Membership in the League. Motion carried. The report of the committee with these amendments was then unanimously adopted. The constitution as thus amended and adopted appears in full on page 283.

Monday, November 17

Resolutions on the Plumb Plan:—The joint meeting of the Executive Committee of the Public Ownership League and the Executive Committee of the Plumb Plan League, represented by Warren S. Stone, President of the Plumb Plan League, Timothy Shea, Vice-President, and Glenn E. Plumb, Special Attorney, recommended the adoption of the following resolutions which were taken up seriatim:

1. **Endorsing the Plumb Plan.** "That the Public Ownership League of America endorse the general principles of public ownership embodied in the Plumb Plan for railway ownership and control of railways with such modifications as may be deemed wise and necessary." Upon motion, unanimously adopted.

2. **On Co-operation or Consolidation with the Plumb Plan League.** "That we approve the co-operation or consolidation of the local organization of the Public Ownership League and the Plumb Plan League wherever the local members so desire, and upon such terms as they may mutually determine." Upon motion unanimously adopted.

3. **On Extension of Federal Control.** "That the Public Ownership League unite with the Plumb Plan League and all other organizations in urging two years' extension of federal control of railways." Upon motion unanimously adopted.

Nomination and Election of Officers

The Committee on the Nomination of Officers for the League for the ensuing year reported the following recommendations: That the present President and Treasurer, Hon. A. M. Todd of Kalamazoo and Charles H. Ingersoll of New York, be continued for the ensuing year. The Constitution provides that the Secretary shall be elected by the Executive Committee. Upon motion the recommendation of the committee was unanimously adopted, and Hon. A. M. Todd declared reelected President of the League for the ensuing year, and Charles H. Ingersoll reelected as Treasurer for the ensuing year.

The committee further recommended the following for members of the Executive Committee for the ensuing year: Theo. F. Thieme, Ft. Wayne Ind.; Edward F. Dunne, Chicago, Ill.; Otto Oullman, Chicago, Ill.; Ed. V. Delagrang, Ft. Wayne, Ind.; Dr. G. H. Sherman, Detroit, Mich.; Jas. H. McGill, Valparaiso, Ind.; Duncan McDonald, Springfield, Ill.; Willis J. Spaulding, Springfield, Ill.; Harriet T. Treadwell, Chicago, Ill.; William Rodriguez,

Chicago, Ill.; Fay Lewis, Rockford, Ill.; Wiley Wright Mills, Chicago, Ill.; Chas. K. Mohler, Chicago, Ill.; S. J. Konenkamp, Chicago, Ill.; Austin P. Haines, Des Moines, Iowa.; Richard W. Wolfe, Chicago, Ill.; Edwin J. Gross of Milwaukee; and the President, Secretary and Treasurer.

For Vice-Presidents: Jane Addams, Chicago, Ill.; Frederic C. Howe, Washington, D. C.; Warren S. Stone, Cleveland, O; Frank P. Walsh, New York, N. Y.; Chas. Zueblin, Boston, Mass.; David J. Lewis, Washington, D. C.; Amos Pinchot, New York City, N. Y.; George Foster Peabody, New York City N. Y.; Timothy Shea, Cleveland, O.; Governor Lynn J. Frazier, Bismarck, N. D.; Glenn E Plumb, Washington, D. C

Upon motion, the recommendation of the nominating committee was unanimously adopted and the above mentioned members declared elected to the respective committees.

Resolutions:—The Resolution Committee reported and recommended the adoption of the following resolutions:

1. On Public Ownership of National Highways and Communication Service. Unanimously adopted. For text see page 276.
2. On Conservation and Public Ownership of Natural Resources. Unanimously adopted. See page 273.
3. On the Suspension of free speech and free press. Unanimously adopted. See page 281.
4. On the death of Dr. C. F. Taylor. Unanimously adopted. See page 280.
5. On appreciation of the service of various people at the Conference. See Page 282. Unanimously adopted.

Fraternal Delegates to the Labor Party Convention. The Secretary reported that the Labor Party had invited the Public Ownership League to send fraternal delegates to the National Convention of the American Labor Party to be held in Chicago November 21-26 Upon motion the following members of the League were elected fraternal delegates in response to the above invitation. (Hon. A. M. Todd, J. H. McGill and Carl D. Thompson.

Place of Meeting for next Conference:—Mr. Edw. T. Wheelock, representing the Convention and Publicity Bureau of the City of St. Louis, Mo.; presented a formal invitation in behalf of the Mayor of St. Louis, the St. Louis Chamber of Commerce and Associated Retailers of St. Louis, and the Advertising Club of St. Louis to hold the next Conference of the Public Ownership League in that city.

Mayor Hoan of Milwaukee immediately presented the official invitation of the city of Milwaukee to hold the Conference there.

Mr. Frank Parkins of the Business Men's and Tax Payer's Association, and Commissioner of the city of Buffalo, invited the Conference to that city. After discussion, it was unanimously agreed to refer the matter to the incoming Executive Committee.

XVII. Telegrams and Communications

The following telegrams and communications from various members of the League and interested individuals were received by the Public Ownership Conference held in Chicago November 15 to 17, 1919, on or about the time of its sessions:—

Hon. Robert L. Owen, United States Senator from Oklahoma, Washington, D. C.

I greatly regret my inability to attend the meeting of the Public Ownership League of America at its Annual Conference in Chicago, November 15-17th.

I am heartily in favor of public utilities, such as waterworks, light, heat and power works, street railways, city telephones, which is a form of co-operation of a monopoly that ought to be owned by the people where they are sufficiently intelligent, as they are in America, to govern themselves. One of the chief obstacles to success in this direction has been machine politics in cities, which could be overcome by the popular government system. So long as cities are governed by machine politics, the people can not safely trust their public utilities to be handled by those who are not truly representative of the best interests of the citizens. But America is rapidly overcoming this weakness, and I look forward with confidence to the operation of public ownership throughout this country. The advantages of public ownership are so obvious, and the disadvantages to the public of the private ownership of public utilities are so clear that the outcome can be accurately foreseen.

Public ownership, moreover, sets an example of co-operation which will be useful in other lines in promoting the welfare and the happiness of men.

Yours Very Respectfully,

Robert L. Owen.

Frederic C. Howe, Director Conference on Public Ownership and Democratic Control of Railroads, Washington D. C.

I have been hoping up to the last minute to be able to get to Chicago, but I find that it is impossible for me to do so. I had to get out a statement to Congress on the railroad question, a copy of which I enclose to you; and next week I must be here the greater part of the time to watch the situation. I am sorry I was unable to be with you in Chicago, and I hope you will have a very successful meeting.

C. W. Koiner, Manager Municipal Electric Lighting Plant, Pasadena, Calif:

"A. M. Todd, Congress Hotel, Chicago, Ill.—Yours of tenth received. Regret we are unable to attend the Chicago meeting as planned. Best wishes for its success."

George Foster Peabody, Banker, New York City,

Mr. A. M. Todd, Kalamazoo, Mich.—I am most sorry that it is not possible for me to be in Chicago for the gathering, which I am sure I should find of great interest.

I believe it essential to a proper working out of a democratic direction and operation of industry, with suitable cooperative features, that transportation

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